

IN THE MATTER OF
SCIENTIFIC APPARATUS MAKERS OF AMERICA, ET AL.¹

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

Docket 3092. Complaint, Mar 29, 1937—Decision, Aug. 25, 1941

Where a number of corporations and concerns which controlled and dominated the manufacture, sale, and distribution of products used by surveyors, engineers, builders, the drafting profession and others, such as prepared tracing papers, tracing cloth, blueprint papers and cloths, other reproduction papers and cloths, field books for engineers, drawing instruments and tools, blueprinting machines and equipment, surveying instruments, forestry instruments, current meters, and water-stage registers, etc.; doing the majority of the volume of such business in the United States and especially of that in blueprint and other reproduction papers and cloths, and prior to the acts and practices below set forth, in active and substantial competition with each other and with others in the interstate sale of their products; and which subsequently became members of an association organized for the purpose, among others, of conducting scientific research relating to the production and improvement of scientific instruments, promotion and betterment of the industry involved, prevention of unfair methods of competition, etc., and, by virtue of being engaged as aforesaid, were members of the "Surveying-Drafting-Coaters Section" of said association—

- (a) Entered into various agreements and understandings directed to the fixing, enhancing, and maintenance of prices, beginning with a meeting in June or July 1932, at which adherence to a certain price list involving substantially higher prices than those then prevailing, and the division

¹ Parties in instant proceeding were substituted by Commission order dated September 28, 1938, as follows:

This matter coming on to be heard by the Commission upon the motion of Charles W. Spidel and Walter A. Kohn, copartners trading as Chas. W. Spidel & Co., requesting that they be substituted as parties respondent in lieu and instead of Chas. W. Spidel & Co., a corporation, and for permission to withdraw their answer to the complaint herein filed on June 22, 1937, and in lieu thereof to substitute the answer dated September 19, 1938, and annexed to said motion, and it appearing to the Commission that Chas. W. Spidel & Co. is erroneously described in said complaint as a corporation; that Charles W. Spidel and Walter A. Kohn are copartners trading as Chas. W. Spidel & Co.; and that said copartners have accepted service of the complaint issued herein erroneously directed to Chas. W. Spidel & Co., a corporation, and that the said Charles W. Spidel and Walter A. Kohn have heretofore entered their appearance in this proceeding, and the Commission having duly considered the said motion and the record herein, and being now fully advised in the premises;

It is ordered, That the motion of Charles W. Spidel and Walter A. Kohn, copartners trading as Chas. W. Spidel & Co., that they be substituted as parties respondent in this proceeding in lieu and instead of Chas. W. Spidel & Co., a corporation, be, and the same hereby is, granted, and the said Charles W. Spidel and Walter A. Kohn are substituted as parties respondent in this proceeding in lieu and instead of Chas. W. Spidel & Co., a corporation; and

It is further ordered, That the motion of respondents Charles W. Spidel and Walter A. Kohn, copartners trading as Chas. W. Spidel & Co., that they be permitted to withdraw their answer filed herein on June 22, 1937, and to file in lieu thereof their answer dated September 19, 1938, and annexed to said motion, be, and the same hereby is, granted.

of the United States into price zones, was agreed upon, and including other meetings and undertakings after the National Industrial Recovery Act had been declared unconstitutional, to continue in force the Code of Fair Competition for the industry involved and its amendment, calling for price filing and observance of prices filed, and adopting rules of fair competition directed to the same end and covering related matters; and in pursuance of such various agreements and in furtherance thereof—

- (1) Agreed to and did fix and maintain the prices at which their products were sold;
- (2) Agreed to and did fix and maintain the terms and conditions, including the classification of customers, freight allowances, and duration of and optional clauses in contracts, in connection with sales of their products;
- (3) Exchanged information among themselves with regard to the prices, discounts, terms, and conditions of sale to be submitted by them when bids for their products were requested, and agreed to and did submit identical, or substantially identical, bids on said products;
- (4) Filed with said "Surveying-Drafting-Coaters Section" price lists including discounts, terms, and conditions at which they would sell their products, for dissemination by it among its members; and
- (5) Agreed not to and did not sell their products at a price less, or a discount greater, or on terms and conditions more favorable to the purchaser, than those contained in any of the price lists so filed, and that published by the seller; and

Where their said section controlled and directed by its executive committee—

- (b) Received from its members and disseminated among them information as to the prices, discounts, terms, and conditions of sale; and
- (c) Adopted and agreed upon, in cooperation with such members, rules and regulations designed to prevent any deviation by members from the prices, discounts, terms, and conditions of sale fixed and agreed upon as above set forth;

With the result that trade in commerce in products in question was unduly and unlawfully restricted and restrained, prices to the consumer were substantially enhanced and maintained at artificial levels, public was also deprived of benefits which would follow from normal competition among said concerns, and competition was eliminated and there was a tendency and capacity to create in said corporations and concerns a monopoly in sale of said products:

Held, That said understandings, agreements, combinations, and conspiracies, and the things done, pursuant thereto, under the circumstances set forth, constituted unfair methods of competition in commerce.

Before *Mr. John W. Addison* and *Mr. W. W. Sheppard*, trial examiners.

Mr. Edw. W. Thomerson for the Commission.

Hewes, Prettyman, Awalt & Smiddy, of Washington, D. C., for Scientific Apparatus Makers of America, *Carl S. Hallauer*, *R. E. Gillmor*, and *John M. Roberts*.

Gerdes & Montgomery, of New York City, for *Karl L. Keller* and *Keuffel & Esser Co.*

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Mr. Howard P. Beckett, of Philadelphia, Pa., for Surveying-Drafting-Coaters Section of the Scientific Apparatus Makers of America, *Arthur L. Parker*, *Paul J. Bruning*, and *Frederick Post Co.*, and, along with—

Mr. Robert J. Holmes, of Boston, Mass., for *W. A. Berger*, and *Mayer, Magaziner & Brunswick*, of Philadelphia, Pa., for *Charles W. Speidel* and *Walter A. Kohn*.

Pam, Hurd & Reichmann, of Chicago, Ill., and *Mr. William E. Lamb*, of Washington, D. C., for *R. Fred Allin* and *Eugene Dietzgen Co.*

Mr. Thomas H. Fisher and *Mr. Arthur Fisher*, of Chicago, Ill., for *Huey Co.*, *Economy Blue Print Products, Inc.*, and *United States Blue Print Paper Co.*

Mr. Richard W. Thorington, of Philadelphia, Pa., for *Alphonse A. Brunner*, *Jacob H. Weil*, *Edwin H. Weil*, and *Manfred Krauskopf*.

Pope, Ballard & Loos, of Washington, D. C., for *The C. F. Pease Co.*

COMPLAINT

Pursuant to the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," the Federal Trade Commission, having reason to believe that the corporations, the association, and the individuals hereinafter described and named as respondents, and the corporations and individuals in the classes hereinafter described of whom those named as respondents are representatives, have been and are now using unfair methods of competition in commerce as "commerce" is defined in said act, and it appearing to the 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. Scientific Apparatus Makers of America is a corporation existing under and by virtue of the laws of the State of Illinois, with its principal office at 20 North Wacker Drive, Chicago, Ill. Respondent Scientific Apparatus Makers of America was organized and for the past several years has acted as a trade association for the promotion and protection of interests of the respondents hereinafter described as being members of the Surveying-Drafting-Coaters Section of said respondent and others not named as respondents. The businesses of the members of the respondent Scientific Apparatus Makers of America is varied and is generally referred to as that of manufacturing and distributing scientific and technical apparatus

and supplies. Said respondent has classified the businesses of its several members and grouped its members into sections, which are as follows: Industrial Instrument Section; Laboratory Furniture Section; Laboratory Supplies Section; Mechanical & Electrical Specialties Section; Optical Instrument Section; Steam and Fluid Specialties Section; Surveying-Drafting-Coaters Section.

Each of these sections is and acts as a trade association for the members of the respondent Scientific Apparatus Makers of America whose business has been classified as belonging to a particular section. Respondent Scientific Apparatus Makers of America aided, abetted, and encouraged the Surveying-Drafting-Coaters Section in planning and doing the things and acts hereinafter alleged to have been done and performed.

PAR. 2. Respondents Carl S. Hallauer, R. E. Gillmor, and John M. Roberts are president, vice president and secretary-treasurer respectively, of the respondent Scientific Apparatus Makers of America, and respondent Karl L. Keller is one of the members of the board of directors, consisting of 11 members, the membership of which changes from time to time so that it is impracticable to name said directors as parties respondent and bring them before the Commission without manifest inconvenience and delay, and the said respondent Karl L. Keller is named as a respondent herein individually and as a member of said board of directors and as representing each and all of the other members thereof. The officers named and said board of directors control and direct the policies, practices, and activities of said respondent Scientific Apparatus Makers of America and the things and acts hereinafter alleged were done and performed under their control and direction.

PAR. 3. Respondent Surveying-Drafting-Coaters Section, one of the "sections" of the respondent Scientific Apparatus Makers of America hereinabove described, hereinafter referred to as respondent association, is an unincorporated trade association for certain members of the respondent Scientific Apparatus Makers of America, whose business consists in part of the sale and distribution of one or more of the following products: prepared tracing papers; tracing cloths; blue print papers and cloths, other reproduction papers and cloths; profile and cross section papers and cloths in sheets and rolls, coordinate papers—graph sheets (except ruled sheets), for engineering and drafting purposes; field books for engineers; drawing instruments; drawing tools (scales, triangles, T-squares, curves) and drafting machines; blueprinting machines and equipment; drawing boards and tables; filing cabinets for drawings and blueprints; lettering

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devices and lettering pens for the drafting profession; slide rules; planimeters and integrators; surveying instruments; surveying barometers; forestry instruments; such as tree-calipers, hypsometers, increment borers, etc.; current meters and water stage registers; rods and poles for surveyors use; tapes, chains, and plumb bobs, for surveyors, engineers, and builders use.

PAR. 4. Respondents, Arthur L. Parker and Paul J. Bruning are manager and chairman of the executive committee of the respondent association respectively and respondents Karl L. Keller, W. A. Berger, and R. Fred Allin are members of the executive committee of the association respondent. These respondents and their predecessors and successors in office have and do control and direct the policies, practices, and activities of said respondent association in doing the things and acts hereinafter alleged to have been done and performed. The predecessors and successors in office of these respondents are so numerous and change so often that it is impracticable to name them as parties respondent and bring them before the Commission without manifest inconvenience and delay and the respondents Paul J. Bruning, Karl L. Keller, W. A. Berger, and R. Fred Allin are made parties herein individually, as members of said executive committee, and as representatives of the other members past, present, and future.

PAR. 5. Respondent, Charles Bruning Co., Inc., is a corporation organized and existing under and by virtue of the laws of the State of New York with its office and principal place of business at 102 Reade Street, New York, N. Y., and with offices and places of business in various States of the United States which it operates and controls through wholly owned subsidiary corporations.

Respondent, The Huey Co., is a corporation organized and existing under and by virtue of the laws of the State of Illinois, with its office and principal place of business at 17 South Wabash Avenue, Chicago, Ill.

Respondent, The Frederick Post Co., is a corporation organized and existing under and by virtue of the laws of the State of Illinois, with its office and principal place of business at 3636 North Hamlin Street, Chicago, Ill.

Respondent, Eugene Deitzen Co., is a corporation organized and existing under and by virtue of the laws of Delaware with its office and principal place of business at 218 East Twenty-third Street, New York, N. Y., and with branches at other points in the United States.

Respondent, Economy Blue Print Products, Inc., is a corporation organized and existing under and by virtue of the laws of the State

of Illinois, with its office and principal place of business at 1714 North Damen Avenue, Chicago, Ill.

Respondent, Keuffel & Esser Co., is a corporation organized and existing under and by virtue of the laws of the State of New Jersey with its office and principal place of business at 300 Adams Street, Hoboken, N. J.

Respondent, Alphonse A. Brunner, is an individual trading under the name and style Keystone Blue Paper Co. with his office and principal place of business at 910 Filbert Street, Philadelphia, Pa.

Respondent, The C. F. Pease Co., is a corporation organized and existing under and by virtue of the laws of the State of Delaware with its office and principal place of business at 813 North Franklin Street, Chicago, Ill.

Respondent, Chas. W. Speidel & Co., is a corporation organized and existing under and by virtue of the laws of the State of Pennsylvania with its office and principal place of business at 112 North Twelfth Street, Philadelphia, Pa.

Respondent, United States Blue Print Paper Co., is a corporation organized and existing under and by virtue of the laws of the State of Illinois with its office and principal place of business at 207 Wabash Avenue, Chicago, Ill.

Respondent, Jacob H. Weil, Edwin H. Weil, and Manfred R. Krauskopf, are individuals trading under the name and style J. H. Weil & Co. and have their office and principal place of business at 1315 Cherry Street, Philadelphia, Pa.

These respondents will hereinafter be referred to as the member respondents and all of them are now or have been members of the respondent Scientific Apparatus Makers of America and the respondent Surveying-Drafting-Coaters Section, hereinabove described. The members of the respondent Surveying-Drafting-Coating Section are approximately 40 in number, which number varies from time to time by the dropping out of old and the addition of new members and they constitute a class so numerous that it is impracticable at any given time to name as parties respondent and bring before the Commission each and all of said members without manifest inconvenience and delay, and the members named are made parties respondent separately and as representatives of each and all other members as a class.

PAR. 6. The above-described member respondents are all engaged in the sale and distribution of one or more of the products described in paragraph 3 hereof to wholesalers of, dealers in, and consumers of, such products located throughout the United States, and pursuant to such sales, and as a part thereof, regularly have

shipped and do ship such products to their said customers at their said respective places of business located at various points in the several States of the United States other than in the States of the origin of such shipments.

Prior to the adoption of the practices hereinafter alleged, these member respondents were in active and substantial competition with each other, and with other members of the industry, some of whom have been members of the respondent association and others of whom have not been members of the respondent association, in making and seeking to make sales of their said products in such commerce, and, but for the facts hereinafter alleged, such active and substantial competition would have continued to the present time, and the said member respondents would now be in active and substantial competition with each other and with members of the industry not presently members of the respondent association. Said member respondents now constitute, and have during all of the times mentioned herein constituted substantially all of the sellers to wholesalers of, dealers in, and consumers of, said products and especially so in regard to blueprint paper, and other reproduction papers and cloths. Said member respondents control and dominate said industry in the United States and thereby control the practices of the industry as a whole.

Blueprint paper, together with many of the other products sold and distributed by the member respondents, is used extensively throughout the United States by manufacturers, builders, and others in drafting, preparing and reproducing designs, plans, and specifications for new and changed productions of whatever nature. Many manufacturers, builders, and others, including the United States and State Governments and municipalities, or some agency thereof, because of the substantial quantity used, purchase blueprint paper and others of said products only as the result of the submission of bids by the member respondents and others, from which bids is selected the member of the industry from whom purchases of said products will be made for a given time or in a stated quantity.

PAR. 7. Prior to the formation of the respondent association, member respondents Charles Bruning Co., Inc., The Huey Co., The Frederick Post Co., Eugene Deitzen Co., Inc., and other members of the industry, on or about July 15, 1932, entered into and thereafter carried out an understanding, agreement, combination, and conspiracy for the purpose and with the effect of restricting, restraining, and monopolizing, and eliminating competition in, the sale of blueprint paper, and others of the products hereinabove mentioned, in trade and commerce between and among the several States of the United

States and in the District of Columbia. From time to time members of the industry other than those herein named as respondents became parties to, and carried out, said understanding, agreement, combination, and conspiracy.

PAR. 8. Pursuant to said understanding, agreement, combination, and conspiracy, and in furtherance thereof, the said member respondents Charles Bruning Co., Inc., The Huey Co., The Frederick Post Co., Eugene Deitzen Co., Inc., and the other members of the industry parties thereto, have done and performed and still do and perform the following acts and things:

1. Agreed to fix and maintain and have fixed and maintained the prices at which said products are sold.

2. Agreed to fix and maintain and have fixed and maintained uniform terms and conditions for all sales made, including, but without limitation, classification of customers, freight allowances, duration of and optional clauses in contracts.

3. Agreed to induce and have, through threats, coercion, and persuasion, induced members of the industry, not parties to said understanding, agreement, combination, and conspiracy, to participate in and cooperate with the parties thereto in carrying out said understanding, agreement, combination, and conspiracy.

4. Agreed to require and have required dealers purchasing said products for resale to consumers to maintain the prices fixed and agreed upon by the respondents.

5. Agreed to submit and have submitted uniform and identical bids on said products when requests were made for such bids.

6. Agreed to and have interfered with the source of supply of raw paper of certain members of the industry who did not adhere to the schedule of prices fixed and agreed upon by the said respondents.

PAR. 9. Subsequent to the entering into and carrying out of the aforementioned understanding, agreement, combination, and conspiracy by the parties thereto, the respondent association was formed by the respondents Scientific Apparatus Makers of America and the member respondents and thereafter, and on or about the 3d day of June 1935 and on divers days and dates thereafter, the said respondents entered into and thereafter carried out understandings, agreements, combinations, and conspiracies for the purpose and with the effect of restricting, restraining, and monopolizing, and eliminating competition in, the sale of blueprint paper and the other products described in paragraph 3 hereof in trade and commerce between and among the several States of the United States and in the District of Columbia. Pursuant to said subsequent understand-

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ings, agreements, combinations, and conspiracies and in furtherance thereof the said respondents have done and performed and still do and perform the acts and things done and performed pursuant to the understanding, agreement, combination, and conspiracy mentioned in paragraph 8 hereof and do and perform in addition thereto the following acts and things:

1. Each of the members of the respondent association agreed to and does file with the respondent association a schedule of the prices, including discounts and the terms and conditions of all sales, at which such member will and does sell said products.

2. Each of said members of respondent association agreed that the prices filed by the respective members could be deviated from only under certain conditions, but agreed that under those conditions they would not and they do not sell at a price less, a discount greater, or on more favorable terms and conditions than those granted by the terms of the price list filed by any other member respondent showing the lowest price, the greatest discount and the most favorable terms of sale.

3. The respondent association collects from and disseminates among the member respondents information as to prices, discounts and the terms and conditions of sales which enables each of said member respondents to know what prices will be charged by all of the other member respondents. Said member respondents exchange information among themselves in regard to the price discounts and terms and conditions of sale to be submitted by such members when bids are requested.

4. In many instances the respondents declare the bids requested by purchasers to be "open," because some member of the industry bidding in such instances is not a participant in the carrying out of said understandings, agreements, combinations, and conspiracies and is selling the products of the industry at prices less than those fixed by the member respondents, and in such cases the member respondents collusively submit identical bids at prices lower than those that would be otherwise submitted so as to prevent such non-participating member of the industry from securing any substantial amount of business and to compel such member to become a party to said understandings, agreements, combinations, and conspiracies.

5. Said member respondents and the respondent association have adopted and agreed upon detailed rules and regulations designed and intended to prevent any deviation on the part of the member respondents from the price fixed and agreed upon as hereinabove alleged.

6. Said respondents used and are using other methods and means designed to suppress and prevent competition and restrict and restrain the sale of said products in said commerce.

PAR. 10. Each of said respondents acted in concert and in cooperation with one or more of the other respondents in doing and performing the acts and things hereinabove alleged in furtherance of said understandings, agreements, combinations, and conspiracies.

PAR. 11. Said understandings, agreements, combinations, and conspiracies, and the things done thereunder and pursuant thereto, as hereinabove alleged, have had and do have the effect of unduly and unlawfully restricting and restraining trade and commerce in said products between and among the several States of the United States and in the District of Columbia; of substantially enhancing prices to the consuming public and maintaining prices at artificial levels and otherwise depriving the public of the benefits that would flow from normal competition among and between the member respondents; of eliminating competition, with the tendency and capacity of creating a monopoly in the sale of said products in said commerce. Said understandings, agreements, combinations and conspiracies, and the things done thereunder and pursuant thereto and in furtherance thereof, as above alleged, constitute unfair methods of competition within the intent and meaning 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," and are to the prejudice of the public.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on the 29th day of March, A. D., 1937, issued and thereafter served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act. After the issuance of said complaint and the filing of answers thereto by all the respondents except Carl S. Hallauer, R. E. Gillmor, The Huey Co., Economy Blue Print Products, Inc., and the United States Blue Print Paper Co.—(answers filed by the three last-named respondents were stricken by the Commission)—testimony and other evidence in support of the allegations of the complaint were introduced by the attorney for the Commission, and in opposition to the allegations of the complaint by attorneys for the respondents, before duly appointed trial examiners of the Commission theretofore designated by it to serve

in this proceeding. Said testimony and other evidence were duly recorded and filed in the office of the Commission.

Thereafter, the proceedings regularly came on for final hearing before the Commission upon the said complaint, the answers thereto, the testimony and other evidence, briefs in support of the complaint and in opposition thereto, the report of the trial examiners and the exceptions thereto, and oral arguments of the attorney for the Commission and attorneys for respondents. And the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public, and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Scientific Apparatus Makers of America is a nonprofit membership corporation without capital stock; for brevity it will hereinafter be referred to as "SAMA." It was incorporated on January 20, 1936, under the laws of the State of Illinois, and its principal office is located at No. 20 North Wacker Drive, in Chicago, Ill. At the time of the issuance of the complaint herein its officers were respondents Carl S. Hallauer, president; R. E. Gillmor, vice president, and John M. Roberts, secretary-treasurer; its board of directors consisted of its said officers, together with four directors at large and the chairmen of the respective executive committees of the several sections hereinafter mentioned.

PAR. 2. The corporate respondent, SAMA, and its predecessor, an unincorporated association bearing the same name, were organized for the purpose of scientific research relating to the production and improvement of scientific instruments, the promotion and betterment of the industry, the prevention of unfair methods of competition, and the dissemination of scientific, structural, and other information relating to the promotion of the industry. The membership of the unincorporated association was as first limited to those engaged in the production of strictly scientific instruments, such as microscopes, clinical thermometers, test tubes, etc. Later, it and its successor, respondent corporation SAMA, extended the scope of its membership and classified the various groups into sections, according to their respective lines of business, namely; Individual Instrument Section; Clinical Thermometer Section; Automatic Control Section; Optical Instrument Section; Aeronautical, Nautical and Military Instrument Section; Laboratory Supply Section; Laboratory Furniture Section; Steam Fluid Specialty Section, and Surveying-Drafting-Coaters Section.

PAR. 3. Respondent, Surveying-Drafting-Coaters Section, of Scientific Apparatus Makers of America is an unincorporated trade association, organized in June 1933, which for brevity will be hereinafter referred to as respondent "Association." Its principal office is located in Philadelphia, Pa. It has approximately 40 members, but the number fluctuates, because of withdrawals and additions from time to time. Respondent Arthur L. Parker, at the time of the issuance of the complaint herein, was, since said date has been, and now is, the manager of respondent Association. Respondent Karl Keller (named in the complaint as Karl L. Keller), from September 27, 1933, until April 30, 1936, was chairman of its executive committee, and was succeeded on May 1, 1936, by respondent Paul J. Bruning, who since said date has been chairman of said committee. The members of the executive committee of respondent Association until April 30, 1937, were respondents Karl Keller, Paul J. Bruning, W. A. Berger, and R. Fred Allin. Respondent Association's membership is composed of those members of SAMA who are engaged in making, selling, and distributing one or more of the various products used by surveyors, engineers, builders, the drafting profession, and others, to wit: Prepared tracing papers, tracing cloths, blueprint papers and cloths, other reproduction papers and cloths, profile and cross-section papers and cloths in sheets and rolls, coordinate papers—graph sheets (except rolled sheets) for engineering and drafting purposes, field books for engineers, drawing instruments, drawing tools (scales, triangles, T-squares, curves), drawing machines, blueprinting machines and equipment, drawing boards and tables, filing cabinets for drawings and blueprints, lettering devices and lettering pens for the drafting profession, slide rules, planimeters and integrators, surveying instruments, surveying barometers, forestry instruments such as tree calipers, hypsometers, increment borers, current meters and water-stage registers, rods, and poles for surveyor's use, tapes, chains, and plumb bobs.

PAR. 4. Respondent Association's members have shipped and do ship their products as set forth in paragraph 3 hereof, to purchasers thereof at their respective places of business located in various States of the United States other than the States wherein said respondents' places of business are located and in which such shipments originate.

PAR. 5. Respondent, Charles Bruning Co., Inc., is a corporation organized under the laws of the State of New York, with its office and principal place of business in the city and State of New York, and with offices and places of business in various States of the United

States, which it operates and controls through wholly owned subsidiary corporations.

Respondent, The Huey Co., is a corporation organized under the laws of the State of Illinois, with its office and principal place of business in Chicago, Ill.

Respondent, The Frederick Post Co., is a corporation organized under the laws of the State of Illinois, with its office and principal place of business in Chicago, Ill.

Respondent, Eugene Dietzgen Co. (named in the complaint as "Deitzen"), is a corporation organized under the laws of the State of Delaware, with its office and principal place of business in Chicago, Ill., and with branches at other points in the United States.

Respondent, Economy Blue Print Products, Inc., is a corporation organized under the laws of the State of Illinois, with its office and principal place of business in Chicago, Ill.

Respondent, Keuffel & Esser Co., is a corporation organized under the laws of the State of New Jersey, with its office and principal place of business in Hoboken, N. J. Respondent, Keuffel & Esser Co., the New Jersey corporation, owns the capital stock of a New York corporation with the same name, and the business of said respondent, except for sales made in New York, is conducted through branches operated by the subsidiary corporation.

Respondent, Alphonse A. Brunner, is an individual trading under the name Keystone Blue Paper Co., with his office and principal place of business in Philadelphia, Pa.

Respondent, C. F. Pease Co., is a corporation organized under the laws of the State of Delaware with its office and principal place of business in Chicago, Ill.

Respondent, Charles W. Speidel and Walter A. Kohn, are individuals trading under the name Chas. W. Speidel & Co., with their office and principal place of business in Philadelphia, Pa.

Respondent, United States Blue Print Paper Co., is a corporation organized under the laws of the State of Illinois, with its office and principal place of business in Chicago, Ill.

Respondents, Jacob H. Weil, Edwin H. Weil and Manfred Krauskopf (named in the complaint as Manfred R. Krauskopf), are individuals trading under the name J. H. Weil & Co., and have their office and principal place of business in Philadelphia, Pa.

All of the aforementioned respondents were, at the date of the issuance of the complaint, members of respondent SAMA and of the respondent Association, and were and are engaged in the sale and distribution of some of the merchandise described in paragraph 3

hereof, and sell and distribute their merchandise as set forth in paragraph 4 hereof.

Respondent, Paul J. Bruning, is president of respondent Charles Bruning Co., Inc. Respondent, Karl Keller, is president of respondent Keuffel & Esser Co. Respondent, W. A. Berger is secretary of C. L. Berger & Sons, Inc., which is a member of the corporate respondent SAMA and of respondent Association. Respondent, R. Fred Allin, is vice president of respondent Eugene Dietzgen Co.

PAR. 6. In June or July 1932, representatives of respondent corporations Charles Bruning Co., Inc., The Frederick Post Co., Eugene Dietzgen Co., United States Blue Print Paper Co., and The Huey Co., together with 7 to 10 other manufacturers of blueprint paper and other products described in paragraph 3 hereof, held a meeting in the Statler Hotel, in Detroit, Mich., and but for 1 dissenter (not listed above), agreed that in the sale of their said products they would adhere strictly to the prices, discounts, terms, and conditions of sale shown on the price list circulated among them which respondent Eugene Dietzgen Co. had prepared, to become effective on July 10, 1932. The list designated territories into which the United States should be divided, and specified prices for each territory. The prices shown on the list were substantially higher than the demoralized prices at which sales were being made in Detroit at the time of this meeting. One popular grade of paper which had been selling to dealers and large consumers at \$2.95 a roll was raised in central territory to \$4.87½ to large consumers and \$4.16 to dealers.

Other meetings were held during the following 5 or 6 months, and a committee functioned to stabilize, generalize, and maintain the prices named on the Dietzgen list, with the result that other sellers decided to adhere to the prices, discounts, terms, and conditions of sale named in said list, and the prices so named became substantially the prevailing prices charged by all the respondents and other dealers—except the respondents The C. F. Pease Co. and Chas. W. Speidel & Co., and some discount modifications by Keuffel & Esser Co.—until respondent Eugene Dietzgen Co. issued a new list, which was likewise adopted and adhered to by all the respondent sellers and others, except as hereinabove stated, until the enactment of the National Industrial Recovery Act.

PAR. 7. From November 1933, to May 27, 1935, when the Supreme Court declared the National Industrial Recovery Act unconstitutional, all respondent dealers and members of respondent Association conducted their business in accordance with the provisions of the Code of Fair Competition for the Scientific Apparatus Industry and

its amendment, and pursuant thereto, they were required to do and did do the following things:

Filed with the manager of respondent Association from time to time their published price lists, terms, and conditions of sale, and a copy of all changes therein; refrained from selling or offering for sale their said products, directly or indirectly, at a price lower or a discount greater, or on more favorable terms than those provided in their respective current price lists, discount sheets, and terms and conditions of sale on file with said manager, except that from time to time, to meet existing competition, they sold their respective products at prices below those contained in their respective filed and published price lists, but did not sell below the lowest published net prices then in effect, filed with said manager by other members of the industry; used uniform terms and conditions for all sales made, including classification of customers; refused to make contracts for a period of more than 1 year, or allow options for any additional period, or additional quantity of merchandise.

The manager of respondent Association from time to time disseminated among the membership of said Association the information contained in the price lists, discount sheets, and terms of sale so filed.

PAR. 8. After the National Industrial Recovery Act had been declared unconstitutional, a meeting of respondent Association was held in Atlantic City, N. J., on June 3, 1935, at which respondent Karl Keller presided. Twenty-one members of respondent Association were present; the corporate respondents represented were, Eugene Dietzgen Co., Charles Bruning Co., Inc., The C. F. Pease Co., and The Frederick Post Co.; respondent Manfred Krauskopf represented the respondent partners composing the firm of J. H. Weil & Co.; respondents, W. A. Berger, Paul J. Bruning, R. Fred Allin, and Alphonse A. Brunner, were present.

By unanimous vote of the members present at said meeting, it was agreed to continue in force all the provisions of the Code referred to in paragraph 7 hereof, the only modification being that the provision relating to adherence to prices on file with the manager of respondent Association should be referred to the executive committee to be rewritten in a legally acceptable form and then submitted to respondent Association.

PAR. 9. On October 29, 1935, respondent Association held a meeting in Cleveland, Ohio, at which respondent Karl Keller presided. Listed as present at this meeting were 19 corporations and partnerships and 22 individuals. Included in the corporations and firms represented at this meeting were respondents The Huey Co., United

State Blue Print Paper Co., The Frederick Post Co., The C. F. Pease Co., Charles Bruning Co., Inc., Kueffel & Esser Co., Eugene Dietzgen Co., and J. H. Weil & Co.; among the individuals present were respondents, W. A. Berger, Edwin H. Weil, and R. Fred Allin. The manager of respondent Association was also present.

At this meeting rules of fair competition were adopted by unanimous vote of the members present, which, among other things, makes it unfair practice to:

Sell, or offer to sell, products on which price information has been filed and published, at less than the lowest net price filed and published by any member on such product or products; nor sell, or offer to sell, special products which are covered by his filed and published price lists at net prices more favorable to the purchaser than the lowest filed and published net prices for a similar item of comparable grade.

To offer to consumers more favorable to them than "Net 30 days," nor more favorable terms to dealers than "2% cash discount on the 10th prox."

To take contracts for a period of more than 1 year, or allow options for any additional period or additional quantity of merchandise.

PAR. 10. On June 1, 1936, a meeting of the respondent Association was held in Chicago, Ill., at which respondent, Paul J. Bruning, presided. Seventeen corporations were listed as being present at this meeting, and 25 individuals, including the following respondent corporations: Charles Bruning Co., Inc.; Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., The Frederick Post Co., and the United States Blue Print Paper Co. Among the individuals present were respondents, W. A. Berger, Paul J. Bruning, and R. Fred Allin. Rules of fair competition were adopted at this meeting to supersede those currently in effect. The practices described below were declared to be unfair and destructive to Industry welfare:

Sell, or offer to sell, directly or indirectly, any product of the section on which price information had been published, at less than the lowest net price published by any member on such product or products; nor sell, or offer to sell, products which are not covered by such price lists but which are similar to listed products, at net prices more favorable to the purchaser than the lowest published net price.

These rules also provide that:

No member shall quote a lump-sum price on any schedule of products of this Industry which does not itemize, or which is lower than, the sum of such member's unit selling prices of the articles comprising the schedule; and when quoting a combined bid, including purchased materials, no member shall quote prices for such purchased material less than the published resale price of the manufacturer thereof applicable to the trade factor making the purchase. Any adjustment for units withdrawn must be at quoted prices.

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It is also provided in these rules, that:

When the quotations are made f. o. b. shipping point, the shipping point is defined to be "the location of the manufacturing plants, branches or warehouses of the member."

At this meeting a motion was adopted in which it is provided that:

All members of the section shall file with the manager for distribution, the conditions of sale and cash terms pertaining to the products they manufacture, and also the conditions of sale and cash terms pertaining to the rest of the items in that line.

The rules also provide that:

Each quotation shall define terms and conditions of sale.

Each quotation shall be a firm proposal, subject to revision only to correct errors.

Invoices shall bear the date on which delivery is made to the carrier at the point of shipment. Invoices shall not be post-dated.

PAR. 11. Prior to the meeting held in Detroit in June or July 1932, and referred to in paragraph 6 hereof, all the respondents and the other members of respondent Association were in active and substantial competition with each other and with other members of the Industry, in the sale of their products, but since said meeting respondents and the other members of respondent Association have observed and adhered to the rules and practices set forth in paragraphs 8, 9, and 10 hereof, and the prices charged for their said products, and the terms and conditions of sale thereof, have been substantially the same, and as a result, competition between said respondents and other members of respondent Association has been eliminated.

The respondent Association has been active in the attempt to have its members observe the said rules and practices. The following is a letter dated February 24, 1936, from respondent, Karl Keller, to respondent, Arthur L. Parker, manager of respondent Association, concerning a member of the Association:

Information has reached us that the B. K. Elliott Co. of Pittsburgh are furnishing a 35% rag blueprint paper in 25 lb. weight. The tests we have made on their paper confirm that information.

According to our trade Code and blueprint standards, such paper should not be sold as our trade standardized on a 24 lb. paper, either 25% rag or 50% rag.

Furthermore, the B. K. Elliott Co. is selling the 35% rag paper at their standard price for a 25% rag paper.

Please write to them, giving them the above information and ask them for an explanation.

PAR. 12. Exhibits in evidence showing tabulations of bids made by respondents prior to the June or July 1932, meeting referred to

in paragraph 6 hereof show that a highly competitive condition existed in the industry and that the submission of identical bids by two or more of the respondents was the exception rather than the rule. Exhibits in evidence, showing tabulations of bids made by the respondents after the issuance of the Dietzgen Co. price list approved at the 1932 meeting show that the prices quoted in that list and the amended price list issued in 1933 were used by the respondents in the submission of bids and that the submission of bids at identical prices became the rule and a variation from the prices shown in the Dietzgen lists by even a single bidder the exception. That the effect of the practices of respondents, as herein found, has been to eliminate in its entirety the competition as to price that existed prior to the commencement of such practices is clearly shown by exhibits in evidence reflecting bids made to State and Federal agencies for their requirements after the National Industry Recovery Act was declared unconstitutional.

On May 18, 1936, respondents Eugene Dietzgen Co., Keuffel & Esser Co., Charles Bruning Co., Inc., Keystone Blue Paper Co. (trade name of respondent Alphonse A. Brunner), and five other members of the Industry submitted bids on blueprint paper to the executive department of the State of New York. Except for the bid of the Keystone Blue Paper Co., which was for \$18,722.23, each of the bids was for \$18,721.48.

In May 1936, respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., Economy Blue Print Products, Inc., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., United States Blue Print Paper Co., J. H. Weil & Co., Keystone Blue Paper Co., Chas. W. Speidel & Co., and a number of other dealers, submitted bids on blueprint paper to the United States Navy Department, as follows:

On lot 574, the identical bid of \$15,867 was submitted by respondents Eugene Dietzgen Co., Economy Blue Print Products, Inc., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., United States Blue Print Paper Co., J. H. Weil & Co., and by three other dealers.

On lot 575, the same respondents and another member of respondent Association, who bid on lot No. 574, each submitted a bid of \$34,095.50.

On lot No. 576, an identical bid of \$15,184 was submitted by each of the respondents, Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., United States Blue Print Paper Co., J. H. Weil & Co., and by another member of respondent Association. Respondent Economy Blue Print Products, Inc., bid \$15,160.

On lot No. 577, a bid of \$30,624.10 was submitted by each of the respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., Economy

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Blue Print Products, Inc., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., The Frederick Post Co., Charles W. Speidel & Co., J. H. Weil & Co., and two other members of respondent Association.

On lot No. 578, a bid of \$3,675.60 was submitted by each of 17 bidders, included in which were respondents Charles Bruning Co., Inc., Economy Blue Print Products, Inc., The Huey Co., Keuffel & Esser Co., Keystone Blue Paper Co., The C. F. Pease Co., The Frederick Post Co., Charles W. Speidel & Co., J. H. Weil & Co., and 3 other members of respondent Association.

On lot No. 579, there were 14 bidders, at \$5,672.51 each. Among those making this identical bid were respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., The C. F. Pease Co., The Frederick Post Co., Chas. W. Speidel & Co. and J. H. Weil & Co., and 3 other members of respondent Association.

On lot No. 580, there were 14 bids, each for \$6,107.35. Among those submitting this identical bid were respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., Keystone Blue Paper Co., The C. F. Pease Co., The Frederick Post Co., Chas. W. Speidel & Co., J. H. Weil & Co., and three other members of respondent Association.

On lot No. 581 there were 17 bids submitted, 15 of which were for \$6,883.29 each. There was 1 bid for \$6,881.85, and 1 for \$5,223.25. Among those submitting the bid of \$6,883.29 were respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., Keystone Blue Paper Co., The Frederick Post Co., Chas. W. Speidel & Co., J. H. Weil & Co., and three other members of respondent Association.

On lot No. 582 14 bids were submitted, each of which was for \$26,922.51. The respondents submitting identical bids on this lot were Charles Bruning Co., Inc., Eugene Dietzgen Co., The Huey Co., Keuffel & Esser Co., Keystone Blue Paper Co., The C. F. Pease Co., The Frederick Post Co., Chas. W. Speidel & Co. and J. H. Weil & Co., and 3 other members of respondent Association.

On July 1, 1937, respondents The Huey Co., Chas. W. Speidel & Co., Charles Bruning Co., Inc., Eugene Dietzgen Co., The Frederick Post Co., J. H. Weil & Co., and 3 other members of respondent Association, each submitted to the Navy Department a bid for \$29,112.91, on lot No. 513.

Thirteen bids, each for \$3,441.20, were submitted on lot No. 514, and of this number, 6 were submitted by the respondent bidders on lot No. 513, and 3 other members of respondent Association.

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Ten bids of \$3,750.00 each were submitted on lot No. 515, the same respondents bidding as in the two immediately preceding lots, and two other members of respondent Association.

Ten bids of \$5,767.74 each were submitted in lot No. 516. The respondents submitting this bid were The Frederick Post Co., The Huey Co., Eugene Dietzgen Co., and Charles Bruning Co., Inc., together with two other members of respondent Association. Respondents, Chas. W. Speidel & Co. and J. H. Weil & Co., each bid \$5,757.74.

Twelve bids, each for \$6,692.75 were submitted on lot No. 517; among those submitting this bid were respondents Charles Bruning Co., Inc., Eugene Dietzgen Co., The Frederick Post Co., The Huey Co., Chas. W. Speidel & Co., J. H. Weil Co., and 3 other members of respondent Association.

Twelve bids of \$6,112.44 each were submitted on lot No. 518. The respondents making this bid were Charles Bruning Co., Inc., Eugene Dietzgen Co., The Huey Co., The Frederick Post Co., Chas. W. Speidel & Co., J. H. Weil & Co., Keuffel & Esser Co., and three other members of respondent Association.

On lot No. 519, 13 bids were submitted, each for \$23,488.11. Among those submitting this bid were the respondents who submitted identical bids on lot No. 518, and 3 other members of respondent Association.

Twelve bids of \$23,211.76 each were submitted on lot No. 752. Among those submitting this bid were respondents Eugene Dietzgen Co., Economy Blue Prints Products, Inc., The Huey Co., The Frederick Post Co., Chas. W. Speidel & Co., J. H. Weil & Co., and two other members of respondent Association.

While the illustrations above set out relate to reproduction papers only, the evidence establishes the same uniformity of prices on the other items sold by the respondents.

Bids substantially identical in all instances and identical to the penny in most instances on various types of reproduction paper, where the quantity involved in the several lots ranges from \$3,441.20 to \$34,095.50, are not the result of a uniformity of the cost of production as contended by respondents but are the result of concerted action on the part of the respondents, as hereinabove found.

PAR. 13. Pursuant to said understandings, agreements, arrangements, combinations, and conspiracies, as set forth in paragraphs 6, 8, 9, and 10 hereof, and in furtherance thereof, said respondents have done and performed, and still do and perform the following acts and things:

(a) Agreed to fix and maintain, and have fixed and maintained, the prices at which said products are sold by them.

(b) Agreed not to sell, and have not sold their said products at a price less, or a discount greater, or on terms and conditions more favorable to the purchaser than those contained in any of the price lists so filed.

(c) Agreed not to make contracts for a longer period than 1 year, nor to extend any such contract for a longer period, nor to include additional merchandise therein.

(d) Agreed to fix and maintain, and have fixed and maintained, uniform terms and conditions of sales made by them, including classification of customers and freight allowances.

(e) Have exchanged information among themselves with regard to the price, discount and terms and conditions of sale to be submitted by them when bids are requested, and have submitted uniform and identical bids on said products when requests have been made for bids.

(f) Have filed with respondent Association schedules of their prices or price lists and agreed to file, and did file, with the respondent Association schedules showing the terms and conditions of sale at which they will, and do, sell said products.

PAR. 14. Respondent Association, through its manager, receives from its respondent members, information as to their prices, discounts, terms and conditions of sale, and disseminates such information among its members.

PAR. 15. Respondent Association and its respondent members have adopted and agreed upon rules and regulations designed and intended to prevent any deviation on the part of respondent members from the prices, discounts, terms, and conditions of sale fixed and agreed upon as above set forth.

PAR. 16. The policies, practices, and activities of respondent Association are controlled and directed by its executive committee.

PAR. 17. The respondents named in paragraph 5 hereof control and dominate the industry in which they are engaged, and their sales to wholesalers and dealers in, and consumers of, the products mentioned in paragraph 3 hereof constitute the majority of the volume of business in such products in the United States, especially with respect to blueprint and other reproduction papers and cloths.

PAR. 18. Many manufacturers, builders, and others, including United States and State Governments and municipalities, purchase blueprint paper and other products mentioned in paragraph 3 hereof only upon the submission of bids by the respondents named in para-

graph 5 hereof and others engaged in said industry, from which bids is selected the member of the industry from whom purchase of said products will be made for a given time or in a stated quantity.

PAR. 19. Prior to the adoption of the herein described practices and the acts of the respondents herein set forth, the respondents mentioned in paragraph 5 hereof were in active and substantial competition with each other and with others engaged in the industry described in paragraph 3, in making and seeking to make sales of their products to customers located in various States of the United States and in the District of Columbia, and would have continued to be in such competition had such respondents not adopted and carried out the herein described acts and practices.

PAR. 20. Said understandings, agreements, arrangements, combinations, and conspiracies and the things done thereunder and pursuant thereto, as herein set forth, have and had the effect of unduly and unlawfully restricting and restraining trade and commerce in said products described in paragraph 3 hereof, between and among the several States of the United States and in the District of Columbia; of substantially enhancing prices to the consumer; of maintaining prices at artificial levels and otherwise depriving the public of benefits which would follow from normal competition among and between the respondents named in paragraph 5 hereof; of eliminating competition, with the tendency and capacity of creating in respondents a monopoly in the sale of said products in such commerce.

CONCLUSION

Said understandings, agreements, combinations, and conspiracies, and the things done thereunder and pursuant thereto and in furtherance thereof, as hereinabove found, 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 answers of respondents, the testimony and other evidence taken before duly appointed trial examiners of the Commission theretofore designated by it to serve in this proceeding, the report of the trial examiners thereon and the exceptions to said report, briefs filed herein by the attorney for the Commission and attorneys for the respondents, and the oral arguments by the respective attorneys, and the Commission having made its findings as to the facts and its conclusion that respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent members of the respondent Association, Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, Charles Bruning Co., Inc., The Frederick Post Co., The Huey Co., Eugene Dietzgen Co., Economy Blue Print Products, Inc., Keuffel & Esser Co., The C. F. Pease Co., Charles W. Speidel and Walter A. Kohn, trading as Chas. W. Speidel & Co., United States Blue Print Paper Co., Jacob H. Weil, Edwin H. Weil, and Manfred Krauskopf, trading as J. H. Weil & Co., Alphonse A. Brunner, trading as Keystone Blue Paper Co., and all other present and future members of respondent Association, of which members the aforementioned respondents are representative, their officers, directors, representatives, agents, and employees, forthwith cease and desist from:

Directly or indirectly, jointly or severally, entering into or carrying out any understanding, agreement, arrangement, combination, or conspiracy, with each other or with any other person or persons, association or corporation, to restrict, restrain, monopolize or to hinder or suppress, competition in the sale and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act of prepared tracing papers, tracing cloths, blueprint papers and cloths, other reproduction papers and cloths, profile and cross-section papers and cloths in sheets and rolls, coordinate papers—graph sheets (except rolled sheets) for engineering and drafting purposes, field books for engineers, drawing instruments, drawing tools (scales, triangles, T-squares, curves), drawing machines, blueprinting machines and equipment, drawing boards and tables, filing cabinets for drawings and blueprints, lettering devices and lettering pens for the drafting profession, slide rules, planimeters and integrators, surveying instruments, surveying barometers, forestry instruments such as tree calipers, hypsometers, increment borers, current meters and water-stage registers, rods and poles for surveyors' use, tapes, chains, and plumb bobs, and particularly in pursuance of any such understanding, agreement, arrangement, combination, or conspiracy, from directly or indirectly:

1. Fixing and maintaining, or agreeing to fix and maintain the prices at which said products will be sold by them.

2. Fixing and maintaining, or agreeing to fix and maintain the terms and conditions, including the classification of customers, freight allowances, and duration of and optional clauses in contracts, in connection with any sales by them of their said products.

3. Exchanging information among themselves with regard to the prices, discounts, terms, and conditions of sale to be submitted by them when bids for their products are requested, and submitting or

agreeing to submit identical, or substantially identical, bids on said products when requests for bids have been received.

4. Filing with respondent Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, price lists including discounts, terms, and conditions at which they will sell their products, for dissemination by said respondent Association among its members.

5. Agreeing not to sell their said products at a price less, or a discount greater, or on terms and conditions more favorable to the purchaser than those contained in any of the price lists filed with respondent Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, or agreeing not to sell said products at a price less or discount greater than or on terms and conditions of sale more favorable to the purchaser than those contained in the price list published by the seller.

It is further ordered, That respondent association, Surveying-Drafting-Coaters Section of Scientific Apparatus Makers of America, Arthur L. Parker, its manager and his successors, Karl Keller, Paul J. Bruning, R. Fred Allin, and W. A. Berger, members of its executive committee and their successors, forthwith cease and desist from, directly or indirectly, jointly or severally, aiding and assisting the members of said respondent association in carrying out or engaging in any of the acts and practices hereinbefore set forth, and from performing any service or function in the furtherance of said acts and practices, and particularly from—

1. Adopting any rule or regulation designed or intended to prevent any deviation on the part of the members of said respondent Association from the prices, discounts, and terms fixed and agreed upon by them, as hereinbefore set forth.

2. Receiving from the individual members of said respondent association price lists, including discounts, terms, and conditions of sale, and disseminating such information among said respondent association members.

It is further ordered, That the complaint herein be and the same hereby is dismissed as to respondents Scientific Apparatus Makers of America, its officers and directors, and respondents Carl S. Hallauer, R. E. Gillmor, and John M. Roberts, the evidence being insufficient to establish the charges of the complaint with respect to these respondents.

It is further ordered, That the respondents shall, within 60 days after the service upon them of a copy of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF
HAMILTON, HARRIS & CO.

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

Docket 4253. Complaint, Aug. 21, 1940—Decision, Aug. 26, 1941

Where a corporation engaged in competitive interstate sale and distribution of fishing tackle, pipes, robes, cameras, and other articles, and of certain assortments of said merchandise so packed and assembled as to involve the use of games of chance, gift enterprises, or lottery schemes when sold and distributed to consumers, a typical assortment including a number of pipes with a punchboard for use in their sale and distribution to the consuming public under a plan, as thereon explained, by which selection of certain lucky numbers entitled purchasers to receive one of said pipes, value of which was in excess of the 5 cents paid, and purchasers failing thus to qualify received nothing for their money other than the privilege of making a punch—

Sold such assortments to dealers and jobbers and, directly or indirectly, to retailers, by whom they were exposed and sold to the purchasing public in accordance with aforesaid sales plan, involving chance to procure an article at much less than its normal price, and thereby supplied to and placed in the hands of others a means of conducting lotteries in the sale of its merchandise, contrary to an established public policy of the United States Government, and in violation of the criminal laws, and in competition with many who are unwilling to use a method of sale involving a game of chance and refrain therefrom;

With the result, because of such game of chance, of unfairly diverting trade in commerce to it from its said competitors, 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 and unfair acts and practices therein.

Before *Mr. W. W. Sheppard*, trial examiner.

Mr. L. P. Allen, Jr., and *Mr. J. V. Mishou* for the Commission.

Matson, Ross, McCord & Ice, of Indianapolis, Ind., for respondent.

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 Hamilton, Harris & Co., a corporation, hereinafter referred to as respondent, has violated the provisions of said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the