

IN THE MATTER OF

J. FRED MALONE AND JOE P. MALONE, TRADING AS
HARPER MANUFACTURING COMPANY, MALONE
CLOTHING MANUFACTURING COMPANY, AND VARIOUS
OTHER NAMESCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4516. Complaint, June 5, 1941—Decision, Oct. 29, 1941*

Where two individuals engaged in manufacture and in interstate offer and sale of men's clothing through traveling salesmen or agents, whom it equipped with kits including order blanks and sample swatches from which the purchaser made selections of material, and who, upon securing an order took and recorded the customers' measurements on order blanks and forwarded them, together with a number identifying the material selected, to said individuals at their place of business, collecting as their commission a substantial down payment on the purchase price, following which and transmission of order to said individuals, clothing was shipped to customer in question via parcel post, C. O. D. balance of contract, or purchase price—

- (a) Represented that the garments would be made to order of the material selected, and that the material to be used contained no cotton, said salesmen making use of order blanks containing blank spaces for the height, weight, and general build of the customer and implying that the clothing sold by them was tailor made or made to measure—

The facts being garments thus ordered were of the ready-made variety or stock type of clothing, altered by individuals in question when deemed necessary partially to conform to the measurements shown on the order blank; many of the garments sent to their customers were not made in accordance with measurements submitted and of a cloth of a grade, texture, and weave corresponding with those selected by customer, but were made from material substantially inferior; said individuals in some instances failed to return purchase price received from customer, or to deliver garment selected by him; and materials from which products were made contained predominant quantities of cotton;

- (b) Represented that the du Pont Company was back of, or associated with, said individuals in connection with the sale of their garments, that material used by them was made by said company, and that it was furnishing the goods free, the customer paying only for the labor involved;

The facts being that the E. I. du Pont de Nemours & Co., or, as also known, the du Pont Co., long engaged, among other things, in the manufacture of textile fabrics and possessed of a valuable good-will in the word "du Pont" as applied to its products, was not connected in any way with said individuals, and was not the maker of the material used by them; and

- (c) Represented that the customer would have an opportunity to inspect and try on the garments before finally accepting them and paying the balance due, and that they manufactured all of the garments sold by their agents and shipped them to the customer direct from their own factory;

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The facts being the C. O. D. shipment of the garments prevented the customer's exercise of such so-called choice or privilege, and said individuals did not make all the garments sold by them, nor ship the same to customers direct from their own factory;

With effect of misleading and deceiving prospective purchasers into the belief that said garments were made to order and manufactured according to the individual measurements recorded on said order blanks, as understood from said terms and as preferred by a substantial portion of the purchasing public, and that representations above set forth were otherwise true, as a result whereof a substantial number of purchasing public bought said garments in substantial volume:

Held, that such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

Mr. Joseph C. Fehr for the Commission.

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 J. Fred Malone and Joe P. Malone, individuals trading as Harper Manufacturing Co., Malone Clothing Manufacturing Co., Gray-Dickson Clothing Co., and Piedmont Clothing Co., and various other names, 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, J. Fred Malone and Joe P. Malone, hereinafter referred to as respondents, are individuals trading under the names Harper Manufacturing Co., Malone Clothing Manufacturing Co., Gray-Dickson Clothing Co., and Piedmont Clothing Co., with their principal office and place of business located at 1806-8-10 North Broad Street, in the city of Rome, in the State of Georgia.

PAR. 2. Respondents are now, and for more than 2 years last past have been, engaged in the business of manufacturing, offering for sale, and selling men's clothing through salesmen or agents who travel throughout the United States soliciting and accepting orders for such clothing.

PAR. 3. Respondents cause their said men's clothing, when sold, to be transported from their said place of business in the city of Rome, Ga., into and across the several States of the United States, to the purchasers thereof located at various points in the said several States of the United States other than in the State of Georgia, and in the District of Columbia.

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PAR. 4. Respondents, in the course and conduct of their said business, as aforesaid, employ sales agents located throughout the several States of the United States to solicit and accept orders for their said clothing. Said salesmen or agents are equipped by respondents with order blanks containing spaces for entering thereon the individual measurements of each purchaser, and are furnished by respondents with sample swatches of materials forming parts of kits from which the purchaser makes selections as to color, weave, and quality of material from which the suit or other garment ordered is to be made. When a salesman or sales agent obtains an order for a suit or other garment, he takes the measurements of the purchaser and enters this and other information regarding the weight, height, general build, and appearance of the purchaser on the said order blank, together with a number identifying the material selected by the purchaser, and forwards the same to respondents at their said place of business in Rome, Ga., where the garment ordered is purportedly to be made to order from the material so selected by the customer from samples shown, and according to the individual measurements of the purchaser thereof. When the clothing is delivered to the customer, it is shipped to him by respondents via parcel post C. O. D. The prices at which said clothing is sold vary, according to the quality of the material selected, and said salesman or sales agent collects from the customer in each instance a substantial down payment or installment on the purchase price. The cash deposit thus collected by the agent or salesman constitutes the said salesman's commission. The balance of the contract or purchase price is to be paid to respondents by the customers when the garment is delivered C. O. D., as aforesaid.

PAR. 5. The said salesmen and sales representatives taking orders as aforesaid from members of the purchasing public represent themselves to be, and are accepted by the said purchasing public as being, agents of the respondents, and the proceeds of their said sales, after deducting agent's commission therefrom, as aforesaid, are received and accepted by, and inure to the financial benefit of, said respondents. Respondents furnish each of said sales agents and representatives with a credential card introducing him to the customer or prospective customer as an agent of respondents, authorized to sell pants and suits and to collect deposits thereon. Said identification cards are issued in one of the trade names employed by respondents in the operation of their said business.

PAR. 6. Made-to-measure or made-to-order clothing is understood by the trade and the purchasing public generally to be, and to mean, garments which are cut and made to the individual measurements of the person for whom intended. In order to produce a made-to-meas-

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ure or made-to-order garment, as understood by the trade and purchasing public, it is necessary and essential that a person experienced and skilled in taking and making measurements for such garments shall measure the person for whom the garment is to be made so as to convey to the tailor actually making the garment accurate and specific measurements and information regarding the weight, height, general build, and appearance of the person measured. To obtain this information with any degree of accuracy and exactness, experience and skill on the part of the person taking or making the measurements are required. There exists among the purchasing public the belief that made-to-measure or made-to-order garments fit with more accuracy than do garments which are not so made, and there exists a preference on the part of a substantial portion of the purchasing public for made-to-measure or made-to-order garments.

PAR. 7. E. I. du Pont de Nemours & Co., also known as The du Pont Co., is a corporation organized and doing business under and by virtue of the laws of the State of Delaware, with its factory and principal place of business located in the city of Wilmington, in the State of Delaware. It is now and for many years has been engaged, among other things, in the manufacture of rayon and other textile fabrics used in the manufacture of men's as well as women's garments. It has for several years last past also been engaged in the sale and distribution of said products, in commerce, between and among the various States of the United States and in the District of Columbia, causing said products, when sold, to be shipped from its place of business in the State of Delaware, or from its factories or places of business in various States of the United States, to purchasers thereof located in States of the United States other than the State of Delaware, or other than the States in which said factories or places of business are located. Said Company has built up and enjoys a valuable good will in the word "du Pont" as applied to its products, particularly rayon and other textile fabrics. Purchasers and prospective purchasers of men's and women's garments made of rayon and other textile fabrics as well as members of the respective trades dealing therein have, through long usage and over a long period of time, identified many rayon and other textile fabrics represented as "du Pont," as being the products of the du Pont Company, and have purchased substantial quantities of said products by reason of their superior quality and reputation.

PAR. 8. For the purpose of selling respondents' said garments and inducing purchasers to sign orders therefor, sales representatives of respondents, in sales talks employed by them, make many false and

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misleading statements and representations. Among and typical of said statements and representations are the following:

That the guarantee will be made to order or measure.

That said garments will be of a certain material, color, design, weave, or pattern, as per sample shown.

That the material from which said garments were to be made contained no cotton.

That the du Pont Co. is back of or is associated with respondents in connection with the sale of their said garments; that the material used by respondents is manufactured by the du Pont Co.; that the du Pont Co. is furnishing free the goods to be used in the making of the said garments, the customer paying only for the labor involved in the making thereof.

That the customer will have an opportunity to inspect and try on the garments before finally accepting the same and paying the balance due thereon.

That respondents manufacture all of the garments sold by their said agents, and ship the same to the customer direct from their own factory.

PAR. 9. In truth and in fact, the men's garments delivered by respondents to purchasers who are induced to order, as aforesaid, were not and are not made-to-measure or made-to-order garments as those terms are understood by the purchasing public but were, and are, of the ready-made variety or stock type of clothing, and which are altered by respondent when deemed necessary partially to conform to the measurements shown on the order blanks, but at no time does the customer receive clothing made to measure or made to order. Further, in many instances, the garments sent to such customers do not correspond to the sample displayed to the said customer by said sales agents or sales representatives and as selected by said customers. Said garments are not made in accordance with measurements submitted by said salesmen, agents, or representatives of a cloth of the grade, texture, and weave the same as those displayed by respondents' said sales agents and representatives and selected by said customers. In many instances, garments delivered to purchasers are made from materials substantially inferior in quality, grade, weave, and texture to, and different from, the samples selected by the purchasers. The respondents in many instances have failed and refused to return the purchase price received from the customer or to deliver a garment made from the material selected by him.

The du Pont Co. is not in any manner associated with respondents in connection with the sale of their said garments. The material used in the manufacture of said products is not made by the du Pont

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Co., nor does the du Pont Co. supply such materials to the respondents free or otherwise. The customer does not pay only for the labor involved, but pays for the materials used and a profit to respondents. The materials from which respondents' products are made are composed of, or contain predominant quantities of, cotton.

Customers do not have an opportunity to inspect or to try on the garments before finally accepting the same and paying the balance due thereon, the C. O. D. shipment thereof preventing the exercise of such so-called choice or privilege. Respondents do not manufacture all of the garments sold by them, nor ship the same to customers direct from their own factory.

PAR. 10. The foregoing false and misleading statements and representations made by and on behalf of the respondents, as aforesaid, in connection with the sale of their said garments, as above set out, were and are calculated to have, and have had and do now have, the tendency and capacity to and do mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations are and were true. As a result of such erroneous and mistaken belief so induced, a substantial number of the purchasing public have purchased a substantial volume of respondents' said products.

PAR. 11. The aforesaid acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices, 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 5th day of June 1941, issued and thereafter served its complaint in this proceeding upon respondents, J. Fred Malone and Joe P. Malone, individuals, trading as Harper Manufacturing Co., Malone Clothing Manufacturing Co., Gray-Dickson Clothing Co., Piedmont Clothing Co., and various other names, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On July 16, 1941, the respondents filed their answer in this proceeding. Thereafter, a stipulation was entered into whereby it was stipulated and agreed that a statement of facts signed and executed by the respondents and Richard P. Whiteley, assistant chief counsel for the Federal Trade Commission, subject to the approval of the Commission, may be taken as the facts in this proceeding and in lieu of testimony in support of the charge stated in the complaint, or in opposi-

tion thereto, and that the said Commission may proceed upon said statement of facts to make its report, stating its findings as to the facts and its conclusion based thereon and enter its order disposing of the proceeding without the presentation of argument or the filing of briefs. Respondent expressly waived the filing of a report upon the evidence by the trial examiner. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint, answer, and stipulation, said stipulation having been approved, accepted, and filed, and the Commission having duly considered the same and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondents, J. Fred Malone and Joe P. Malone, hereinafter referred to as respondents, are individuals trading under the names Harper Manufacturing Co. and Piedmont Clothing Co., with their principal office and place of business located at 1806-8-10 North Broad Street, in the city of Rome, in the State of Georgia. Since on or about January 1, 1941, respondents have discontinued trading under the names Malone Clothing Manufacturing Co., Gray-Dickson Clothing Co., and various other names.

PAR. 2. Respondents are now, and for more than 2 years last past have been, engaged in the business of manufacturing, offering for sale, and selling men's clothing through salesmen or agents who travel throughout the United States soliciting and accepting orders for such clothing.

PAR. 3. Respondents caused their said men's clothing, when sold to be transported from their said place of business in the city of Rome, Ga., into and across the several States of the United States, to the purchasers thereof located at various points in the said several States of the United States other than in the State of Georgia, and in the District of Columbia.

PAR. 4. Respondents, in the course and conduct of their said business, as aforesaid, employ sales agents located throughout the several States of the United States to solicit and accept orders for their said clothing. Said salesmen or agents are equipped by respondents with order blanks containing spaces for entering thereon the individual measurements of each purchaser. Said order blanks contain descriptions of various styles of men's suits, including coats, pants, and vests, together with pictorial designs showing a man going through the various stages of being measured for a coat, vest, and pants. Said order blanks also contain blank spaces calling for

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information as to the height, weight, and general build of a customer and the names and addresses of respondents' sales agent or representative and the customer. Respondents also furnish said salesmen or agents with sample swatches of materials forming parts of kits from which the purchaser makes selections as to color, weave, and quality of material from which the suit or other garment ordered is to be made. When a salesman or sales agent obtains an order for a suit or other garment, he takes the measurements of the purchaser and enters this and other information regarding the weight, height, general build, and appearance of the purchaser on the said order blank, together with a number identifying the material selected by the purchaser, and forwards the same to respondents at their said place of business in Rome, Ga., where the garment ordered is purportedly to be made to order from the material so selected by the customer from samples shown, and according to the individual measurements of the purchaser thereof.

When the clothing is delivered to the customer, it is shipped to him by respondents via parcel post C. O. D. The prices at which said clothing is sold vary according to the quality of the material selected, and said salesman or sales agent collects from the customer in each instance a substantial down payment or installment on the purchase price. The cash deposit thus collected by the agent or salesman constitutes the said salesman's commission. The balance of the contract or purchase price is to be paid to respondents by the customer when the garment is delivered C. O. D. as aforesaid.

PAR. 5. The said salesmen and sales representatives taking orders as aforesaid from members of the purchasing public represent themselves to be, and are accepted by the said purchasing public as being, agents of the respondents, and the proceeds of their said sales, after deducting agent's commission therefrom, as aforesaid, are received and accepted by, and inure to the financial benefit of, said respondents. Respondents furnish each of said sales agents and representatives with a credential card introducing him to the customer or prospective customer as an agent of respondents, authorized to sell pants and suits and to collect deposits thereon. Said identification cards are issued in one of the trade names employed by respondents in the operation of their said business.

PAR. 6. Made-to-measure or made-to-order clothing is understood by the trade and the purchasing public generally to be, and to mean, garments which are cut and made to the individual measurements of the person for whom intended. In order to produce a made-to-measure or made-to-order garment, as understood by the trade and purchasing public, it is necessary and essential that a person experi-

enced and skilled in taking and making measurements for such garments shall measure the person for whom the garment is to be made so as to convey to the tailor actually making the garment accurate and specific measurements and information regarding the weight, height, general build and appearance of the person measured. To obtain this information with any degree of accuracy and exactness, experience and skill on the part of the person taking or making the measurements are required. There exists among the purchasing public the belief that made-to-measure or made-to-order garments fit with more accuracy than do garments which are not so made, and there exists a preference on the part of a substantial portion of the purchasing public for made-to-measure or made-to-order garments.

PAR. 7. E. I. du Pont de Nemours & Co., also known as The du Pont Co., is a corporation organized and doing business under and by virtue of the laws of the State of Delaware, with its factory and principal place of business located in the city of Wilmington, in the State of Delaware. It is now and for many years has been engaged, among other things, in the manufacture of rayon and other textile fabrics used in the manufacture of men's as well as women's garments. It has for several years last past also been engaged in the sale and distribution of said products, in commerce, between and among the various States of the United States and in the District of Columbia, causing said products, when sold, to be shipped from its place of business in the State of Delaware, or from its factories or places of business in various States of the United States, to purchasers thereof located in States of the United States other than the State of Delaware, or other than the States in which said factories or places of business are located. Said company has built up and enjoys a valuable good will in the word "du Pont" as applied to its products, particularly rayon and other textile fabrics. Purchasers and prospective purchasers of men's and women's garments made of rayon and other textile fabrics as well as members of the respective trades dealing therein have, through long usage and over a long period of time, identified many rayon and other textile fabrics represented as "du Pont" as being the products of the du Pont Co., and have purchased substantial quantities of said products by reason of their superior quality and reputation.

PAR. 8. For the purpose of selling respondents' said garments and inducing purchasers to sign orders therefor, sales representatives of respondents, in sales talks employed by them, have made many false and misleading statements and representations. Among and typical of said statements and representations were the following:

That the garments would be made to order or measure.

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That said garments would be of a certain material, color, design, weave, or pattern, as per sample shown.

That the material from which said garments were to be made contained no cotton.

That the du Pont Co. was back of or was associated with respondents in connection with the sale of their said garments; that the material used by respondents was manufactured by the du Pont Co.; that the du Pont Co. was furnishing free the goods to be used in the making of the said garments, the customer paying only for the labor involved in the making thereof.

That the customer would have an opportunity to inspect and try on the garments before finally accepting the same and paying the balance due thereon.

That respondents manufactured all of the garments sold by their said agents, and shipped the same to the customer direct from their own factory.

PAR. 9. In truth and in fact, the men's garments delivered by respondents to purchasers who are induced to order, as aforesaid, were not and are not made-to-measure or made-to-order garments as those terms are understood by the purchasing public but were, and are, of the ready-made variety or stock type of clothing, and which are altered by respondents when deemed necessary partially to conform to the measurements shown on the order blanks, but at no time does the customer receive clothing made to measure or made to order. The use of said order blanks by respondents' salesmen and representatives as hereinabove described has the capacity and tendency to and does mislead and deceive prospective purchasers into the belief that said men's suits and pants when delivered are made-to-measure or made-to-order garments and are manufactured according to the individual measurements taken and recorded on said order blanks by respondents' said agents and representatives.

In some instances, the garments sent to respondents' customers did not correspond to the sample displayed to such customers by respondents' sales agents or sales representatives, and as selected by such customers. Many of said garments were not made in accordance with measurements submitted by said salesmen, agents or representatives of a cloth of the grade, texture, and weave the same as those displayed by respondents' said sales agents and representatives and selected by said customers. In many instances, garments delivered to purchasers were made from materials substantially inferior in quality, grade, weave, and texture to, and different from, the samples selected by the purchasers. The respondents in some instances failed to return the purchase price received from the cus-

tomer or to deliver a garment made from the material selected by him.

The du Pont Co. is not in any manner associated with respondents in connection with the sale of their said garments. The material used in the manufacture of said products is not made by the du Pont Co., nor does the du Pont Co. supply such materials to the respondents, free or otherwise. The customer does not pay only for the labor involved, but pays for the materials used and a profit to respondents. The materials from which respondents' products are made are composed of, or contain predominant quantities of, cotton.

Customers do not have an opportunity to inspect or to try on the garments before finally accepting the same and paying the balance due thereon the C. O. D. shipment thereof preventing the exercise of such so-called choice or privilege. Respondents do not manufacture all of the garments sold by them, nor ship the same to customers direct from their own factory.

PAR. 10. The foregoing false and misleading statements and representations made by salemen and agents representing the respondents, as aforesaid, in connection with the sale of respondents' said garments, as above set out, had the tendency and capacity to, and did, mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations were true. As a result of such erroneous and mistaken belief so induced, a substantial number of the purchasing public purchased a substantial volume of respondents' said garments.

CONCLUSION

The aforesaid acts and practices of the respondents, as herein found, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices 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 the respondents, and a stipulation as to the facts entered into between the respondents herein and Richard P. Whiteley, assistant chief counsel for the Commission, which provides, among other things, that without further evidence or other intervening procedure, the Commission may issue and serve upon the respondents herein findings as to the facts and conclusion based thereon and an order disposing of

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the proceeding, and the Commission having made its findings as to the facts and conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, J. Fred Malone and Joe P. Malone, individuals trading as Harper Manufacturing Co., Malone Clothing Manufacturing Co., Gray-Dickson Clothing Co., Piedmont Clothing Co., and various other names, whether trading under said trade names or otherwise, their representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of men's clothing in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using order blanks in taking orders for ready-made clothing which contain illustrations showing measurements being taken for the fitting of men's tailor-made or made-to-measure clothes, instructions for such fittings, or blank spaces for the entry of such fittings, or which otherwise import and imply that the clothing sold by respondents is tailor-made or made to measure.
2. Representing that the ready-made suits and other garments sold by respondents will be made from the materials selected by the purchasers from samples exhibited by their salesmen or agents, unless and until ready-made suits and other garments sold by respondents are made from materials of the identical quality, color, design, weave, and pattern selected by such purchasers.
3. Representing that the material from which respondents' ready-made suits and other garments are made contains no cotton, when such is not the fact.
4. Representing that E. I. du Pont de Nemours & Co., also known as the du Pont Co., is in any manner associated with respondents in connection with the sale of their ready-made suits and other garments, or that the material contained in respondents' ready-made suits and other garments is manufactured by said du Pont Co. or that said du Pont Co. is furnishing free the goods to be used in the making of respondents' said ready-made suits and other garments, and that the customer is paying only for the labor involved in the making thereof.
5. Representing that respondents' customers will have an opportunity to inspect and try on the ready-made suits and other garments shipped to such customers by respondents before finally accepting the same and paying the balance due thereon, unless and until an opportunity for such inspection and trying on of respondents' suits and other garments is actually provided before such customers finally accept such clothing and pay any balance due thereon.

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6. Representing that respondents manufacture all of the ready-made suits and other garments sold by them or their agents and ship same to the customer direct from their own factory.

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

Complaint

IN THE MATTER OF
IMPERIAL KNIFE COMPANY, INC.COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4573. Complaint, Aug. 21, 1941—Decision, Oct. 29, 1941*

Where a corporation engaged in the manufacture and competitive interstate sale and distribution of assortments of knives so packed and assembled as to involve the use of games of chance, gift enterprises, or lottery schemes when sold and distributed to the purchasing public, a typical assortment including a card with 12 knives and a push card, for use, as thereon explained, under a plan by which the amount paid for a knife, each of which was of the same value, varied from 1 cent to 39 cents in accordance with the number secured by chance from card;

Sold such assortments to wholesalers and jobbers, and, directly or indirectly, to retailers, by whom they were exposed and sold to the purchasing public in accordance with such sales plan, under which the prices of said knives were determined wholly by lot or chance, and involving a game of chance and to procure said articles at much less than their normal retail price; and thereby supplied to and placed in the hands of others the means of conducting lotteries in the sale of its products, contrary to an established public policy of the United States Government, and in competition with many who, unwilling to use any method involving chance or otherwise contrary to public policy, refrain therefrom;

With the result that many persons were attracted by such sales plan and the element of chance involved therein, and were thereby induced to buy and sell its knives in preference to those of its competitors who do not use the same or equivalent methods, whereby trade was unfairly diverted to it from its said competitors; to the substantial injury of competition in commerce:

Held, That such acts and practices, as above set forth, were all to the prejudice and injury of the public, and its competitors, and constituted unfair methods of competition in commerce and unfair acts and practices therein.

Mr. J. W. Brookfield, Jr., for the Commission.

Mr. Francis J. Fazzano, of Providence, R. I., 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 Imperial Knife Co., Inc., 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