

IN THE MATTER OF
GARMENT BOX MANUFACTURERS ASSOCIATION, ET AL.

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

Docket 4777. Complaint, June 26, 1942—Decision, Apr. 10, 1943

Where 13 corporations and 11 other concerns, members of an unincorporated trade association, engaged in the manufacture or assembly, sale, and distribution of garment boxes to garment wholesalers and retailers; constituting for many purchasers of such articles their only regular source of supply, and in competition with one another prior to, and but for the matters below set forth;

Acting in concert with one another and with and through their said association and seven individuals who were president and directors thereof; with intent of eliminating price competition among themselves—

- (a) Entered into and carried out an agreement to fix and maintain uniform prices for garment boxes, and at meetings of their association discussed and agreed upon such prices;
- (b) Adopted and carried out a plan of collecting information with respect, among other things, to the quantities of products sold by members and selling prices thereof, including the names of customers and quantities to be sold to each, and consisting, in part, of duplicate invoices and analyses of daily sales of members, and divulged such information to all the members of their association at open meetings or supplied the same upon request;
- (c) Employed accountants to examine and audit members' books to determine whether aforesaid reports of prices, quantities, and names of customers were true, and to detect violations of agreements;
- (d) Adopted and carried out through their prior "Garment Box Venture" and later "Garment Box Credit Bureau" committee, a plan of allocating to each member a percentage of the industry's total sales which, as agreed, was not to be exceeded, and violation of which subjected member to penalty of paying to the association 3 cents for each box sold in excess thereof, while member selling below his quota was reimbursed at the same rate for number of boxes sold below such quota;
- (e) Required each member to deposit a substantial sum of money with the association as a guarantee that he would abide by rules and regulations thereof, and pay dues at the rate of 1 cent for each box sold by him;
- (f) Collected from members and disbursed under said plan dues, assessments, and penalties through aforesaid committees, operated by its president and another director as trustees, under its manager's guidance;
- (g) Agreed not to, and refused, to sell garment boxes to any purchaser who bought from any assembler or dealer not a member of the association;
- (h) Allocated to certain members sales of boxes to certain purchasers, with the understanding that none of the others should sell to those whose purchases were so allotted; and
- (i) Purchased the business of some of their competitors who had sold garment boxes at less than the prices fixed, and induced and coerced others selling at less than such prices, to discontinue the business of selling such boxes;

With result that sale prices on garment boxes since February 1941, uniformly and simultaneously increased in excess of 100 percent, and customers, allocated as aforesaid, were forced thereby to purchase their requirements from the different respective members:

Held, That such acts and practices, under the circumstances set forth, hindered and prevented price competition between and among said members in the sale of garment boxes in commerce; placed in said members the power to control and enhance prices, and created in them a monopoly in the sale of said boxes in commerce; unreasonably restrained the same; and constituted unfair methods of competition in commerce.

Before *Mr. John W. Norwood*, trial examiner.

Mr. Edward L. Smith for the Commission.

Mr. Benjamin S. Kirsh, of New York City, for respondents generally with the exception of—

Mr. Charles Kraft, of New York City, who appeared for Bilt-Rite Box Corp.; and

Mr. Charles Gertler, of Miami Beach, Fla., who appeared for Louis H. Clark.

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 Garment Box Manufacturers Association; Samuel Small, president, and Daniel Bellin, Samuel Small, Morris Bradhoff, Harry Siegel, Bernard N. Jaffe, and Henry Rosen, directors; Bilt-Rite Box Corporation; Chic Container Corporation; Excel Container Corporation; F & F Box Co.; Gates Container Corporation; Gem Corrugated Box Corporation; Independent Container Corporation; Rainbow Container Corporation; Small Bros. Container Corporation; Solid Container Corporation; Spear Box Co., Inc.; State Container Co.; United Box Corporation; York Box & Paper Corporation; Phineas Beck, trading as Beck Container Co.; J. Holman; Bernard N. Jaffe; Max Firsty, trading as M & F Box Co.; Louis H. Clark, trading as Interboro Container Co.; Samuel Goldstein, and Abraham Goldstein, trading as Merit Container Co.; Henry Rosen and Marvin A. Rosen, trading as Mutual Fibre Box Co.; Jerome Rosen and Henry Rosen, trading as Quick Service Box Co.; Irving Hellsell, trading as Royal Corrugated Box Co.; Joseph Barbash and Rose Barbash, trading as Sunshine Paper Box Co.; and Samuel L. Wallerstein, hereinafter referred to as respondents, have violated the provisions of section 5 of 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. Respondent, Garment Box Manufacturers Association, is a voluntary unincorporated association, whose membership is

Complaint

38 F. T. C.

composed of, and at all times since its organization, has been composed of, the respondents named in paragraphs 2 and 3 hereof, sometimes hereinafter referred to as respondent members, which said respondents are engaged in the manufacture and sale of garment boxes to wholesalers and retailers of garments who use such garment boxes in packaging and delivering garments when sold by them. It was organized in June 1940 or thereabouts, since which time its affairs have been managed by respondent, Samuel L. Wallerstein, and by its officers and directors, who, with said respondent, Samuel L. Wallerstein, in such management assisted the other respondents in entering into and carrying out the agreement, combination, understanding, and conspiracy described in paragraph 6 hereof, for which reason said Samuel L. Wallerstein and the officers of said respondent, Garment Box Manufacturers Association, are made respondents herein. Such officers and directors of said respondent, Garment Box Manufacturers Association, are now, and at all times since its organization have been, respondents, Samuel Small, president, and Daniel Bellin, Samuel Small, Morris Bradhoff, Harry Siegel, Bernard N. Jaffe and Henry Rosen, directors.

PAR. 2. The following-named respondent members, are corporations, with their principal places of business in New York City, N. Y., and are organized under the laws of the State of New York.

Names and addresses of respondents:

Bilt-Rite Box Corporation, 242 West Forty-first Street.

Chic Container Corporation, 129 West Twenty-seventh Street.

Excel Container Corporation, 527 West Thirty-fifth Street.

F & F Box Co., 514 West Thirty-sixth Street.

Gates Container Corporation, 152 West Twenty-fifth Street.

Gem Corrugated Box Corporation, 118 West Twenty-second Street.

Independent Container Corporation, 527 West Thirty-fifth Street.

Rainbow Container Corporation, 132 West Twenty-first Street.

Small Bros. Container Corporation, 498 Seventh Avenue.

Solid Container Corporation, 27 West Twenty-fourth Street.

Spear Box Company, Inc., 270 Eleventh Avenue.

State Container Co., 449 West Thirtieth Street.

United Box Corporation, 37 West Twentieth Street.

York Box & Paper Corporation, 630 West Forty-fourth Street.

PAR. 3. Respondent member, Phineas Beck, has his principal place of business at 152 West Twenty-fifth Street, New York City, and now and all times hereinafter mentioned has operated under the trade name, Beck Container Co. Respondent member, J. Holman, has his principal place of business at 314 West Thirty-sixth Street,

New York City. Respondent member, Louis H. Clark, has his principal place of business at 121 West Twentieth Street, New York City, and now and at all times hereinafter mentioned has operated under the trade name, Interboro Container Co. Respondent member, Bernard M. Jaffe, has his principal place of business at 114 West Twenty-seventh Street, New York City. Respondent member, Max Firsty, has his principal place of business at 433 West Thirty-fifth Street, New York City, and at all times hereinafter mentioned has operated under the trade name, M & F Box Co. Respondent members, Samuel Goldstein and Abraham Goldstein, are partners, and at all times hereinafter mentioned have operated under the name, Merit Container Co., with their principal place of business at 345 West Thirty-sixth Street, New York City. Respondent members, Henry Rosen and Marvin A. Rosen, are partners, and at all times hereinafter mentioned have operated under the name, Mutual Fibre Box Co., with their principal place of business at 1400 Broadway, New York City. Respondent members, Jerome Rosen and Henry Rosen, are partners, and at all times hereinafter mentioned have traded under the name, Quick Service Box Co., with their principal place of business located at 421 West Thirty-ninth Street, New York City. Respondent member, Irving Helsell, has his principal place of business at 22 West Twenty-first Street, New York City, and now and at all times hereinafter mentioned has operated under the name, Royal Corrugated Box Co. Respondent members, Joseph Barbash and Rose Barbash, have their principal place of business at 503 West Forty-third Street, New York City, and now and at all times hereinafter mentioned have operated under the trade name, Sunshine Paper Box Co.

PAR. 4. Respondent members named in paragraphs 2 and 3 hereof are now, and at all times hereinafter mentioned have been, engaged in the assembling and sale of garment boxes. In the course and conduct of their businesses all of the said respondents for more than 2 years last past have caused and still cause such garment boxes, when sold by them, to be transported in commerce from their respective places of business to, into, and through the various States of the United States and the District of Columbia to the purchasers thereof, some in the State of New York and others in other States of the United States and in the District of Columbia. Such purchasers use such garment boxes, so sold to them by said respondents, in packaging and delivering garments sold by such purchasers to their vendees located not only in the States in which such purchasers have their places of business but in various other States of the United States and in the District of Columbia. Such garment boxes are necessary for use in the delivery of garments sold by them to their

Complaint

36 F. T. C.

vendees. The amount of garment boxes assembled and sold by the respondents named in paragraphs 2 and 3 hereof constitutes, and at all times since 1940 has constituted, a substantial part of all of the garment boxes assembled and sold in the United States and many purchasers of garment boxes have no regular source of supply thereof excepting from the said respondents and since the organization of the said respondent, Garment Box Manufacturers Association, have had no regular source of supply of garment boxes excepting from said respondents.

PAR. 5. The respondents named in paragraphs 2 and 3 hereof were, prior to 1940, in competition with one another as to price in the sale of garment boxes between and among the various States of the United States, the Territories thereof, and in the District of Columbia, and, but for the combination, agreement, understanding, and conspiracy hereinafter described, said respondents would have been at all times since 1940 and would now be in such competition with one another.

PAR. 6. In July 1940, or thereabouts, the respondents named in paragraphs 2 and 3 hereof for the purpose of eliminating price competition among themselves, entered into, through, and by respondent, Garment Box Manufacturers Association, and have since carried out and are still carrying out through and by respondent, Garment Box Manufacturers Association, an agreement, combination, understanding, and conspiracy among themselves to fix and maintain, and by which they have fixed and maintained and still fix and maintain, uniform prices to be, and which have been and are still being, exacted by them from their purchasers of garment boxes in commerce between and among the various States of the United States and in the District of Columbia. Pursuant to and for the purpose of carrying out the aforesaid agreement, combination, understanding, and conspiracy, the said respondents have concertedly and cooperatively done and performed, among other things, the following methods, acts and practices:

(a) By agreement, among themselves, have fixed and maintained, and still fix and maintain, uniform prices for garment boxes sold by them and by each of them;

(b) At meetings of respondent, Garment Box Manufacturers Association, have discussed and still discuss the prices at which the members thereof should sell garment boxes, and at such meetings arrive at and agree upon prices at which the members of said Association should sell such garment boxes;

(c) Through said respondent, Garment Box Manufacturers Association, have adopted and carried out and are still carrying out a plan of collecting and disseminating information with respect, among other things, to the quantities of, and prices at which the members of said

Association should sell and do sell their products, including the names of customers to whom such respondents should sell, and the quantities to be sold to each of such customers. A part of such information is in the form of duplicate invoices and daily sales analyses of respondent members, which such information is divulged to all of the members of said respondent Association to open meetings or supplied by respondent Association to its members upon their request;

(d) Through the respondent Association, have employed and still employ accountants to examine and audit their books for the purpose of determining whether the reports furnished by the members thereof as set out in subsection (c) hereof are true with respect to prices, quantities, and names of customers sold, and for the further purpose of detecting any violations of the agreements set out in subsections (a), (b), (c), (e), (f), (g), (h), and (i) hereof;

(e) Through the respondent Association, have adopted, and are carrying out, originally by means of a committee of respondent Association, known as Garment Box Joint Venture, and since the dissolution of that committee, by means of another committee of respondent Association, known as Garment Box Credit Bureau, a plan of allocating to each member of respondent Association a percentage or quota of the industry's total sales which they have agreed must not be exceeded by any member, which agreement, if violated by a member, subjects him to the penalty of paying to the respondent Association 3 cents for each box sold in excess of his quota, the member or members selling below his or their quotas being reimbursed at the same rate for the number of boxes sold by him or them below his or their quota;

(f) Have agreed to require and pursuant to such agreement have required each member and new member of the respondent Association to deposit a substantial sum of money with the respondent Association as a guarantee that the said member or new member will abide by the rules and regulations of the respondent Association, and pay dues at the rate of 1 cent for each box sold by said member;

(g) Have collected dues, assessments, and penalties from and disbursed to members under said plan set forth in subparagraph (e) herein through said committee of respondent Association known as Garment Box Joint Venture and Garment Box Credit Bureau, operated by respondents Samuel Small and Daniel J. Bellin as trustees under the guidance and direction of respondent Wallerstein;

(h) Have agreed not to sell garment boxes, and pursuant to such agreement, have refused to sell garment boxes to any purchaser or user thereof who buys or has bought garment boxes from any assembler or dealer thereof not a member of respondent Association;

(i) Have allotted to certain of respondent members to the exclusion of all of the other respondent members, sales to certain purchasers of garment boxes, with the agreement and understanding among themselves that none of the other respondent members shall sell garment boxes to purchasers and prospective purchasers whose purchases have been so allotted to the particular respondent members, to the exclusion of the other respondent members;

(j) Have purchased the business of some of their competitors who have sold garment boxes at less than the prices fixed as described herein, and have induced and coerced others selling at less than the prices so fixed to discontinue the business of selling garment boxes.

PAR. 7. As a result of the said agreement, combination, understanding, and conspiracy and the methods, acts, and practices engaged in by respondents pursuant thereto, as hereinbefore set forth, the sales prices on garment boxes since February 1941, uniformly and simultaneously increased in excess of 100 percent and customers of the respondent members are allocated among the various members of the respondent Association and are unable to purchase or obtain price quotations except from members of respondent Association from whom they have been making purchases in the past and said customers are thus forced to purchase their requirements of garment boxes from said respective members, as there is no other source of supply.

PAR. 8. The acts and practices of the respondents as herein alleged are all to the prejudice of the public; have a dangerous tendency to and have actually hindered and prevented price competition between and among respondents in the sale of garment boxes in commerce within the intent and meaning of the Federal Trade Commission Act; have placed in respondents the power to control and enhance prices; have created in the respondents a monopoly in the sale of garment boxes in such commerce; have unreasonably restrained such commerce in garment boxes, and constitute unfair methods of competition in commerce within the intent and meaning of section 5 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 June 26, 1942, issued and subsequently served its complaint in this proceeding upon the respondents, Garment Box Manufacturers Association; Samuel Small, as president, and Daniel Bellin, Samuel Small, Morris Bradhoff, Harry Siegel, Bernard N. Jaffe, and Henry Rosen, as directors of respondent, Garment Box Manufacturers Association; Bilt-Rite Box Corporation,

Chic Container Corporation, Excel Container Corporation, F & F Box Co., Gates Container Corporation, Gem Corrugated Box Corporation, Independent Container Corporation, Rainbow Container Corporation, Small Bros. Container Corporation, Solid Container Corporation, Spear Box Co., Inc., State Container Co., United Box Corporation, York Box and Paper Corporation, Phineas Beck, trading as Beck Container Co., J. Holman, Bernard N. Jaffe, Max Firsty, trading as M & F Box Co., Louis H. Clark, trading as Interboro Container Co., Samuel Goldstein and Abraham Goldstein, trading as Merit Container Co., Henry Rosen and Marvin A. Rosen, trading as Mutual Fibre Box Co., Jerome Rosen and Henry Rosen, trading as Quick Service Box Co., Irving Helsell, trading as Royal Corrugated Box Co., and Joseph Barbash and Rose Barbash, trading as Sunshine Paper Box Co., members; and Samuel L. Wallerstein, 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 respondents' answers thereto, the Commission, by order entered herein, granted the motion of all of the respondents except State Container Co. for permission to withdraw said answers and to substitute therefor answers admitting all the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which substitute answers were duly filed in the office of the Commission.

A hearing was held in this matter on November 16, 1942, at which time testimony and other evidence were introduced in support of and in opposition to the allegations of complaint as to respondent State Container Co. before a trial examiner of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint, substitute answers, testimony, and other evidence, and report of the trial examiner upon the evidence (the filing of briefs having been waived and oral argument not having been requested); 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, Garment Box Manufacturers Association, hereinafter referred to as "respondent Association," is a voluntary unincorporated trade association, which was organized on or

about June 1940. The membership of said respondent Association, has at all times since its organization, been composed of the respondents hereinafter named, with the exception of State Container Co., who are hereinafter referred to as "respondent members." Said respondent members are engaged in the manufacture and sale of garment boxes to wholesalers and retailers of garments, who use such garment boxes in packaging and delivering garments when sold by them. Since the time of its organization, the respondent Association, has been managed by respondent, Samuel L. Wallerstein, and by its officers and directors, who, with said respondent, Samuel L. Wallerstein, in such management assisted the other respondents in entering into and carrying out the acts and practices hereinafter described. Such officers and directors of said respondent since its organization have been respondents, Samuel Small, president, and Daniel Bellin, Samuel Small, Morris Bradhoff, Harry Siegel, Bernard N. Jaffe, and Henry Rosen, directors.

PAR. 2. The following-named respondent members are corporations organized under the laws of the State of New York, with their principal places of business in the city of New York:

Names and addresses of respondents:

Bilt-Rite Box Corporation, 242 West Forty-first Street.

Chic Container Corporation, 129 West Twenty-seventh Street.

Excel Container Corporation, 527 West Thirty-fifth Street.

F & F Box Co., 514 West Thirty-sixth Street.

Gates Container Corporation, 152 West Twenty-fifth Street.

Gem Corrugated Box Corporation, 118 West Twenty-second Street.

Independent Container Corporation, 527 West Thirty-fifth Street.

Rainbow Container Corporation, 132 West Twenty-first Street.

Small Bros. Container Corporation, 498 Seventh Avenue.

Solid Container Corporation, 27 West Twenty-fourth Street.

Spear Box Co., Inc., 270 Eleventh Avenue.

United Box Corporation, 37 West Twentieth Street.

York Box & Paper Corporation, 630 West Forty-fourth Street.

In addition to the above-named corporate respondents, the following individuals and copartnerships were also respondent members of the Garment Box Manufacturers Association: Phineas Beck, an individual, trading as Beck Container Co., with his principal place of business at 152 West Twenty-fifth Street, New York, N. Y.; J. Holman, an individual, with his principal place of business at 314 West Thirty-sixth Street, New York, N. Y.; Louis H. Clark, an individual, trading

as Interboro Container Co., with his principal place of business at 121 West Twentieth Street, New York, N. Y.; Bernard N. Jaffe, an individual, with his principal place of business at 114 West Twenty-seventh Street, New York, N. Y.; Max Firsty, an individual, trading as M & F Box Co., with his principal place of business at 433 West Thirty-fifth Street, New York, N. Y.; Samuel Goldstein and Abraham Goldstein, copartners, trading as Merit Container Co., with their principal place of business at 345 West Thirty-sixth Street, New York, N. Y.; Henry Rosen and Marvin A. Rosen, copartners, trading as Mutual Fibre Box Co., with their principal place of business at 1400 Broadway, New York, N. Y.; Jerome Rosen and Henry Rosen, copartners, trading as Quick Service Box Co., with their principal place of business at 421 West Thirty-ninth Street, New York, N. Y.; Irving Hellsell, an individual, trading as Royal Corrugated Box Co., with his principal place of business at 22 West Twenty-first Street, New York, N. Y.; and Joseph Barbash and Rose Barbash, copartners, trading as Sunshine Paper Box Co., with their principal place of business at 503 West Forty-third Street, New York, N. Y.

The State Container Co. is a corporation which was organized on or about May 1, 1941, and during all the times of its corporate existence it was not a member of the Garment Box Manufacturers Association and did not participate in any of the acts and practices hereinafter described.

PAR. 3. All of said respondent members are now, and at all times hereinafter mentioned have been, engaged in the assembly and sale of garment boxes. In the course and conduct of their respective businesses, all of said respondents for several years last past have caused, and still cause, such garment boxes when sold by them to be transported in commerce from their respective places of business in the State of New York to purchasers thereof located in various other States of the United States and in the District of Columbia. Such purchasers use such garment boxes so sold to them by said respondents in packaging and delivering garments sold by such purchasers to their vendees located not only in the States in which such purchasers have their places of business but in various other States of the United States and in the District of Columbia. Such garment boxes are necessary for use in the delivery of garments sold by them to their vendees. The amount of garment boxes assembled and sold by the respondents at all times since 1940 has constituted a substantial part of all the garment boxes assembled and sold in the United States, and many purchasers of garment boxes have no regular source of supply thereof except from the said respondents and, since the organization of said respondent Garment

Box Manufacturers Association, have had no regular source of supply of garment boxes excepting from said respondents.

PAR. 4. All of said respondent members were, prior to 1940, in competition with one another as to price in the sale of garment boxes between and among the various States of the United States and the District of Columbia and, but for the combination, agreement, understanding, and conspiracy hereinafter described, said respondents would have been at all times since 1940, and would now, be in such competition with one another.

PAR. 5. In July 1940 or thereabouts the respondent members, for the purpose of eliminating price competition among themselves, entered into, through, and by respondent, Garment Box Manufacturers Association, and have since carried out and are still carrying out, through and by respondent, Garment Box Manufacturers Association, an agreement, combination, understanding, and conspiracy among themselves to fix and maintain, and by which they have fixed and maintained and still fix and maintain, uniform prices to be, and which have been and are still being, exacted by them from their purchasers of garment boxes in commerce between and among the various States of the United States and in the District of Columbia. Pursuant to and for the purpose of carrying out the aforesaid agreement, combination, understanding, and conspiracy, the said respondents have concertedly and cooperatively done and performed, among other things, the following methods, acts, and practices:

(a) By agreement among themselves have fixed and maintained, and still fix and maintain, uniform prices for garment boxes sold by them and by each of them.

(b) At meetings of respondent, Garment Box Manufacturers Association, have discussed, and still discuss, the prices at which the members thereof should sell garment boxes, and at such meetings arrive at and agree upon prices at which the members of said Association should sell such garment boxes.

(c) Through said respondent, Garment Box Manufacturers Association, have adopted and carried out, and are still carrying out, a plan of collecting and disseminating information with respect, among other things, to the quantities of, and prices at which, the members of said Association should sell and do sell their products, including the names of customers to whom such respondents should sell, and the quantities to be sold to each of such customers. A part of such information is in the form of duplicate invoices and daily sales analyses of respondent members, which such information is divulged to all of the members of said respondent Association at open

meetings or supplied by respondent, Association, to its members upon their request.

(d) Through the respondent, Association, have employed, and still employ, accountants to examine and audit their books for the purpose of determining whether the reports furnished by the members thereof in connection with their plan of collecting and disseminating information are true with respect to prices, quantities, and names of customers sold and for the further purpose of detecting any violations of any of the agreement described herein.

(e) Through the respondent, Association, have adopted, and are carrying out, originally by means of a committee of respondent, Association, known as "Garment Box Joint Venture," and since the dissolution of that committee, by means of another committee of respondent, Association, known as "Garment Box Credit Bureau," a plan of allocating to each member of respondent, Association, a percentage or quota of the industry's total sales which they have agreed must not be exceeded by any member, which agreement if violated by a member subjects him to the penalty of paying to the respondent, Association, 3 cents for each box sold in excess of his quota, the member or members selling below his or their quotas being reimbursed at the same rate for the number of boxes sold by him or them below his or their quota.

(f) Have agreed to require, and pursuant to such agreement have required, each member and new member of the respondent, Association, to deposit a substantial sum of money with the respondent, Association, as a guarantee that the said member or new member will abide by the rules and regulations of the respondent, Association, and pay dues at the rate of 1 cent for each box sold by said member.

(g) Have collected dues, assessments, and penalties from, and disbursed to, members under said plan hereinabove set forth through said committee of respondent, Association, known as Garment Box Joint Venture and Garment Box Credit Bureau operated by respondents, Samuel Small and Daniel Bellin, as trustees under the guidance and direction of the respondent Wallerstein.

(h) Have agreed not to sell garment boxes, and pursuant to such agreement have refused to sell garment boxes, to any purchaser or user thereof who buys or has bought garment boxes from any assembler or dealer thereof not a member of respondent, Association.

(i) Have allotted to certain of respondent members, to the exclusion of all of the other respondent members, sales to certain purchasers of garment boxes, with the agreement and understanding among themselves that none of the other respondent members shall sell garment boxes to purchasers and prospective purchasers whose purchases

have been so allotted to the particular respondent members, to the exclusion of the other respondent members.

(j) Have purchased the business of some of their competitors who have sold garment boxes at less than the prices fixed as described herein, and have induced and coerced others selling at less than the prices so fixed, to discontinue the business of selling garment boxes.

PAR. 6. As a result of the said agreement, combination, understanding, and conspiracy and the methods, acts, and practices engaged in by respondents pursuant thereto as hereinbefore set forth, the sales prices on garment boxes since February 1941, uniformly and simultaneously increased in excess of 100 percent, and customers of the respondent members are allocated among the various members of the respondent, Association, and are unable to purchase or obtain price quotations except from members of respondent, Association, from whom they have been making purchases in the past and said customers are thus forced to purchase their requirements of garment boxes from said respective members, as there is no other source of supply.

CONCLUSION

The acts and practices of the respondents as herein found are all to the prejudice of the public; have a dangerous tendency to and have actually hindered and prevented price competition between and among respondents in the sale of garment boxes in commerce within the intent and meaning of the Federal Trade Commission Act; have placed in respondents the power to control and enhance prices: have created in the respondents a monopoly in the sale of garment boxes in such commerce; have unreasonably restrained such commerce in garment boxes; and constitute unfair methods of competition in commerce within the intent and meaning of section 5 of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answers of all the respondents except State Container Co., in which answers said respondents admit all the material allegations of fact set forth in said complaint and waive all intervening procedure and further hearings as to said facts, and also upon testimony and other evidence in support of the allegations of said complaint and in opposition thereto as to respondent, State Container Co., taken before a trial examiner of the Commission theretofore duly designated by it, and report of the trial examiner upon the evidence (the filing of briefs having been

waived and oral argument not having been requested); and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, Garment Box Manufacturers Association, an unincorporated association, Bilt-Rite Box Corporation, a corporation, Chic Container Corporation, a corporation, Excel Container Corporation, a corporation, F & F Box Co., a corporation, Gates Container Corporation, a corporation, Gem Corrugated Box Corporation, a corporation, Independent Container Corporation, a corporation, Rainbow Container Corporation, a corporation, Small Bros. Container Corporation, a corporation, Solid Container Corporation, a corporation, Spear Box Co., Inc., a corporation, United Box Corporation, a corporation, York Box & Paper Corporation, a corporation, and their respective officers, representatives, agents, and employees; respondents, Phineas Beck, an individual, trading as Beck Container Co., J. Holman, an individual, Bernard N. Jaffe, an individual, Max Firsty, an individual, trading as M & F Box Co., Louis H. Clark, an individual, trading as Interboro Container Co., Samuel Goldstein and Abraham Goldstein, individuals, trading as Merit Container Co., Henry Rosen and Marvin A. Rosen, individuals, trading as Mutual Fibre Box Co., Jerome Rosen and Henry Rosen, individuals, trading as Quick Service Box Co., Irving Helsell, an individual, trading as Royal Corrugated Box Co., Joseph Barbash and Rose Barbash, individuals, trading as Sunshine Paper Box Co., Samuel L. Wallerstein, an individual, and their respective representatives, agents, and employees; and Samuel Small, individually, and as president and director, and respondents, Daniel Bellin, Morris Bradhoff, Harry Siegel, Bernard N. Jaffe, and Henry Rosen, individually, and as directors, of Garment Box Manufacturers Association, and their respective representatives, agents, and employees, directly or through any corporate or other device in connection with the offering for sale, sale, and distribution of garment boxes and other similar merchandise in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out any planned common course of action, agreement, understanding, combination, or conspiracy between and among any two, or more of said respondents or between any one or more of said respondents and others not parties hereto to do or perform any of the following acts or practices:

1. Establishing, fixing, or maintaining prices for garment boxes or adhering to or promising to adhere to prices so fixed.

2. Holding or participating in any meeting, discussion, or exchange of information among themselves or under the auspices of respondent, Garment Box Manufacturers Association, or any other medium or agency concerning proposed or future prices at which respondents should sell garment boxes or other similar merchandise.

3. Exchanging, distributing, or relaying among respondent members or any of them or through respondent, Garment Box Manufacturers Association, or through any other medium or central agency duplicate invoices, daily sales analyses, or other information showing current or future prices, or information showing the current or future prices of any particular respondent.

4. Exchanging, distributing, or relaying among respondent members or any of them or through respondent, Garment Box Manufacturers Association, or through any other medium or central agency duplicate invoices, daily sales analyses, or other information which discloses to competing respondent members data on prices charged and quantities sold on individual sales to named customers, or information as to quantities of garment boxes sold by any respondent member to any particular customer or group of customers.

5. Fixing, determining, designating, or maintaining sales quotas or allocations of business among respondent members or formulating, promoting, placing in effect, or participating in any plan or policy to allocate or divide among respondent members or any of them the total business of the industry or any part thereof or any lot or piece of business or the business of any purchaser or purchasers.

6. Formulating, promoting, placing in effect, or participating in any plan or policy which provides for a penalty for exceeding any sales quota established by such plan or policy or for reimbursement for failing to sell such quota.

7. Adhering to or promising to adhere to any allocation or division of any lot or piece of business or the business of any given purchaser or purchasers by refusing to sell such purchasers or prospective purchasers so allotted to particular respondent members.

8. Coercing, inducing, or persuading, or attempting to coerce, induce, or persuade, respondent members to adhere to or maintain prices or sales quotas among respondent members by maintaining any agency, committee, or bureau as a disciplinary or punitive agency to enforce the provisions of any plan or policy with reference to the allocation of business among respondent members, or to collect or enforce payment of any assessment or penalty to cover violation of quota sales provided by such plan or policy.

9. Coercing, inducing, or persuading, or attempting to coerce, induce, or persuade, respondent members to adhere to or maintain prices or

sales quotas among respondent members by requiring the deposit of sums of money by respondent members to guarantee or assure the maintenance by such respondent members of any quota or allocation of business established by any plan or policy adopted by the respondent, Association, or the respondent members or by providing for the payment of a penalty by any respondent member who might exceed such quota or allocation of business so established.

10. Coercing, inducing, or persuading, or attempting to coerce, induce, or persuade, any competitor of respondent members who does not maintain the prices fixed by said respondent members to discontinue the business of selling garment boxes.

11. Refusing to sell or agreeing not to sell garment boxes to any purchaser or user thereof who buys or has bought garment boxes from any assembler, dealer, or distributor who is not a member of respondent, Association.

12. Authorizing or permitting the examination of the books and records of the respondent members by any agent of the respondent, Garment Box Manufacturers Association, or by any agent of the respondents or any of them to determine or check the quantity of garment boxes sold by any respondent member, the prices charged by such respondent member, and the extent to which any respondent member has or has not sold garment boxes within the quotas established or the extent to which such respondent member has or has not complied with any plan for allocation of sales.

13. Formulating or putting into operation any other practice or plan which has the purpose of or the tendency or effect of fixing prices for garment boxes, or otherwise restricting, restraining, or eliminating competition in the sale and distribution of garment boxes.

14. Employing or utilizing respondent, Garment Box Manufacturers Association, or any other medium or central agency as an instrument or vehicle or aid in performing or doing any of the acts and practices prohibited by this order.

It is further ordered, That the complaint herein be, and it hereby is, dismissed as to State Container Co., a corporation.

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.