

IN THE MATTER OF
LIQUID TIGHT PAPER CONTAINER 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 4675. Complaint, Jan. 22, 1942—Decision, May 29, 1945

Where an association; its secretary; and eight members, engaged in the manufacture and interstate sale and distribution of cylindrical liquid tight paper containers in competition with one another and with others except insofar as such competition had been restrained as below set forth—

Entered into and carried out understandings, agreements, combinations and conspiracies among themselves for the purpose of restraining, and eliminating competition and creating a monopoly in the sale of cylindrical liquid tight paper containers in commerce, pursuant to which they—

- (1) Agreed to and did fix and maintain uniform delivered prices, and uniform discounts and other terms and conditions governing the sale of cylindrical liquid tight paper containers by said members, and standard uniform sizes and colors for such containers, and the quality of material used therein;
- (2) Agreed to and did fix and maintain certain percentage quotas which represented and limited the amount of business which each of said manufacturers should do, and exacted penalties of each member manufacturer whose business exceeded his designated percentage quota, and made payments to any who sold less than his specified quota;
- (3) Agreed to and did establish and maintain geographical zones throughout the United States and uniform price differentials between such zones, so that all purchasers within a given zone area, regardless of the distance of the purchaser from the manufacturer, paid the same delivered price for cylindrical liquid tight paper containers;
- (4) Agreed to and did arbitrarily classify customers either as jobbers or consumers, and established and maintained uniform price differentials between the two classes, and agreed to and did maintain resale prices at which jobber customers were required to sell the products of the said member manufacturers, and enforced such requirement through refusing the usual jobber discounts to jobbers who did not maintain the prices and terms fixed;
- (5) Held and sponsored meetings at which information was exchanged among the said manufacturers with respect to prices, discounts, charges, and other terms and conditions to be fixed for the sale of cylindrical liquid tight paper containers; and
- (6) Agreed to file and in practice did file with the association their price lists for their products, and, pursuant to agreement, abided by such filed prices until they filed new prices and agreed to file and in practice did file with the association invoices or copies thereof showing details of their sales, including price, discount, and terms of sale:

Whereby aforesaid manufacturer members, as an incident to and a necessary result of their members thus making identical delivered prices only, notwithstanding freight differences, arbitrarily and systematically charged and received larger sums of money from customers located near their respective manufacturing establishments than from those customers located farther away; forced their near-by customers to pay more to their manufacturers for their products in order that more distant ones might pay less; deprived their near-by customers of any price advantage

by reason of their proximity to the place of manufacture; and thereby arbitrarily and systematically discriminated in price among their respective customers in bad faith in order to suppress competition in price among themselves;

With the effect of unduly and unlawfully restricting, restraining, hindering, and preventing price competition between and among said manufacturers in the sale of cylindrical liquid tight paper containers in commerce; and of unduly and unlawfully restricting and restraining trade in such products in commerce as aforesaid; and with the tendency and capacity to eliminate competition and create a monopoly in the sale of such products, in such commerce, and of thereby placing in said manufacturers the power to control and enhance the prices of their products:

• *Held*, That such acts and practices, under the circumstances set forth, were all to the prejudice of the public and competitors of the said manufacturers, and constituted unfair methods of competition in commerce.

Before *Mr. John L. Hornor*, trial examiner.

Mr. Daniel J. Murphy for the Commission.

Mr. Joseph J. Brown, of Philadelphia, Pa., for respondents generally, and along with—

Mr. Charles H. Farrell, of Kalamazoo, Mich., for Sutherland Paper Co.

Mr. Roderick William Hoag, of Melrose, Mass., for Russell Box Co.

Hiscock, Cowie, Bruce, Lee & MaWhinney, of Syracuse, N. Y., for Seal-right Co., Inc.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act (38 Stat. 717; as amended, 52 Stat. 111; 15 U.S.C.A. Sec. 41) and by virtue of the authority vested in it by said act, the Federal Trade Commission having reason to believe that the parties named in the caption hereof, and more particularly hereinafter described and referred to as respondents, have violated the provisions of the said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Liquid Tight Paper Container Association, hereinafter referred to as respondent Association, is an unincorporated trade association, having its principal office and place of business located at 1532 Lincoln-Liberty Building, Philadelphia, Pa. The membership of respondent Association is composed of eight individuals, firms or corporations engaged in the manufacture, sale, and distribution of cylindrical liquid tight paper containers.

The business and affairs of respondent Association are conducted under the active management and supervision of a secretary and manager.

Respondent, George J. Lincoln, Jr., is secretary and manager of respondent Association with an office located at 1532 Lincoln-Liberty Building, Philadelphia, Pa.

PAR. 2. Respondent, Boothby Fibre Can Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Massachusetts, with its principal office and place of business located at 84 Linden Park Street, Boston (Roxbury), Mass.

Respondents, Gordon S. Smith and George T. Hynes, are copartners, doing business under the trade name of Champion Container Company, with a principal office and place of business located at Third and Somerset Streets, Philadelphia, Pa.

Respondent, Fonda Container Company, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 2150 Erie Street, Utica, N. Y.

Respondent, Menasha Products Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Wisconsin, with its principal office and place of business located at Menasha, Wis.

Respondent, Minkoff & Rosenfield Brothers, Inc., doing business under the trade name of Miro Container Company, is a corporation, organized and existing under and by virtue of the laws of the State of New York, with its principal office and place of business located at 557 DeKalb Avenue, Brooklyn, N. Y.

Respondent, Russell Box Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Massachusetts, with its principal office and place of business located at 200 Boston Avenue, Medford, Mass.

Respondent, Sealright Company, Inc., is a corporation, organized existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at Fulton, N. Y.

Respondent, Sutherland Paper Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its principal office and place of business located at Kalamazoo, Mich.

Respondents, Boothby Fibre Can Company, Gordon S. Smith and George T. Hynes, copartners, doing business under the firm name of Champion Container Company, Fonda Container Company, Inc., Menasha Products Company, Minkoff & Rosenfield Brothers, Inc., Russell Box Company, Sealright Company, Inc., Sutherland Paper Company, hereinafter referred to as respondent manufacturers, are all respectively respondent members of the respondent Association.

PAR. 3. Respondent manufacturers are all respectively manufacturers of cylindrical liquid tight paper containers and in the regular course and conduct of their respective businesses sell and distribute cylindrical liquid tight paper containers manufactured by them to the purchasers thereof, and in connection with said sales ship and transport, or cause to be shipped and transported, said cylindrical liquid tight paper containers, in commerce, to the purchasers thereof, located in the various States of the United States other than the States of origin of said shipments, and in the District of Columbia. All respondent manufacturers have maintained, and still do maintain, a regular current of trade in cylindrical liquid tight paper containers in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 4. Respondent Association and respondent, George J. Lincoln, Jr., are not engaged in commerce, but have aided, abetted, furthered, cooperated with and were instrumentalities of, and parties to, some, or all, of the understandings, agreements, combinations, and conspiracies hereinafter set out, and actively cooperated and participated in the performance of some or all of the acts and practices done in pursuance thereto and in furtherance thereof.

PAR. 5. Respondent manufacturers in the regular course and conduct of their respective businesses have been and are in active and substantial

competition with each other and with other manufacturers and sellers of cylindrical liquid tight paper containers in the sale thereof to purchasers for shipment in commerce between and among the several States of the United States and in the District of Columbia, except to the extent to which such competition has been restrained, lessened, injured and suppressed by the understandings, agreements, combinations, and conspiracies hereinafter set forth.

PAR. 6. Respondent Association, respondent, George J. Lincoln, Jr., and respondent manufacturers, during and in the period of more than three years last past, have entered into and thereafter carried out understandings, agreements, combinations, and conspiracies, for the purpose of restricting, restraining, suppressing, and eliminating competition and creating a monopoly in the sale of cylindrical liquid tight paper containers in trade and commerce as aforesaid.

PAR. 7. Pursuant to said understandings, agreements, combinations and conspiracies, and in furtherance thereof, the said respondents have engaged in and performed, and are now engaging in and performing the following acts and practices:

1. Agreed to fix and maintain and have fixed and maintained uniform delivered prices at which cylindrical liquid tight paper containers are to be sold, and are sold, by respondent manufacturers.

2. Agreed to fix and maintain and have fixed and maintained uniform discounts and other terms and conditions for the sale of cylindrical liquid tight paper containers sold and distributed by respondent manufacturers.

3. Agreed to fix and maintain and have fixed and maintained standard uniform sizes, colors, and quality of materials for cylindrical liquid tight paper containers sold and distributed by respondent manufacturers.

4. Agreed to fix and maintain and did fix and maintain certain respective percentage quotas which represented, and limited, the amount of business that each respective respondent manufacturer should do; penalties were exacted from the respondent manufacturer whose business exceeded his respective percentage quota and payments were made to the respondent manufacturer who sold less than his respective percentage quota.

5. Agreed to establish and maintain and have established and maintained geographical zones throughout the United States, and have fixed and maintained uniform price differentials between such zones.

6. Agreed to adopt and maintain and have adopted and maintained a zoning system whereby the United States is divided into certain zone areas so that all purchasers within a given zone area, regardless of the distance of the place of business of said purchaser from the place of business of a respondent manufacturer, received the same delivered price on cylindrical liquid tight paper containers manufactured and sold by respondent manufacturers.

7. Agreed to arbitrarily classify and have arbitrarily classified their respective customers either as jobbers or consumers and have established and maintained uniform price differentials between the respective classes.

8. Agreed to maintain and have maintained resale prices at which their respective jobber customers sell their said products by not allowing usual jobber discounts to those jobbers who do not or will not sell at the manufacturers' published suggested prices and terms.

9. Respondent manufacturers have—

- (a) Agreed to file, and in practice have actually filed, with the respondent Association their price lists for cylindrical liquid tight paper containers.

(b) Agreed to abide by, and in practice did abide by, such filed prices until new and different prices were so filed by them.

(c) Agreed to file, and in practice have actually filed, with the respondent Association invoices covering the sale of cylindrical liquid tight paper containers.

10. Respondents have used, and are now using, other methods and means designed to suppress and prevent competition and restrict and restrain the sale of cylindrical liquid tight paper containers.

PAR. 8. Each of said respondents herein acted in concert and 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. 9. As an incident to and a necessary result of their agreed policy and practices of making delivered prices only and of making such prices identical, notwithstanding differences in the actual freight from the various shipping points to given distances, the respective respondent manufacturers have arbitrarily and systematically demanded, charged, accepted and received larger sums of money for their products from their customers located near their respective manufacturing establishments than from their customers located at greater distances; have thereby forced their near-by customers to pay more to respondent manufacturers for their products in order that more distant ones might pay less; have deprived their near-by customers of any price advantage by reason of their proximity to the place of manufacture; and have thereby arbitrarily and systematically discriminated in price among their respective customers in bad faith in order to suppress competition in price among respondent manufacturers.

PAR. 10. Said understandings, agreements, combinations, and conspiracies, and the things done thereunder and pursuant thereto, and in furtherance thereof, as hereinabove alleged, have had and do have the effect of unduly and unlawfully restricting, restraining, hindering, and preventing price competition between and among respondents in the sale of cylindrical liquid tight paper containers, in commerce within the intent and meaning of the Federal Trade Commission Act; of unduly and unlawfully restricting and restraining trade and commerce in said products in said commerce; of eliminating competition, with the tendency and capacity of creating a monopoly, in the sale of said products in said commerce; of placing in respondents the power to control and enhance prices; of unreasonably restraining such commerce in said products.

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 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 January 22, 1942, issued and subsequently 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 that act. After the filing by the respondents of their answers to the complaint, and after certain testimony and other evidence had been introduced before a trial

examiner of the Commission theretofore duly designated by it, the respondents requested leave of the Commission to withdraw the answers theretofore filed by them and to substitute therefor answers admitting all of the material allegations of fact set forth in the complaint, and waiving all intervening procedure and further hearings as to the facts. Such leave being granted, the original answers were withdrawn by the respondents and the substitute answers duly filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission on the complaint, substitute answers, and testimony and other evidence; and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Liquid Tight Paper Container Association, hereinafter frequently referred to as respondent association or as the association, is an unincorporated trade association, with its principal office and place of business located at 1532 Lincoln-Liberty Building, Philadelphia, Pa. The membership of the association comprises certain individuals, firms, and corporations engaged in the manufacture, sale, and distribution of cylindrical liquid tight paper containers. The business and affairs of the association are conducted under the active management and supervision of an officer designated as a secretary and manager.

Respondent, George J. Lincoln, Jr., is secretary and manager of the respondent association, his office being located at 1532 Lincoln-Liberty Building, Philadelphia, Pa.

PAR. 2. Respondent, Boothby Fibre Can Company, is a corporation, organized and existing under and by virtue of the laws of the State of Massachusetts, with its office located at 84 Linden Park Street, Boston (Roxbury), Mass. The corporation discontinued active business operations about November, 1942, and withdrew from membership in the respondent association about June, 1941.

Respondents, Gordon S. Smith and George T. Hynes, were until April 9, 1944, copartners, doing business under the trade name Champion Container Company, with their principal office and place of business located at Third and Somerset Streets, Philadelphia, Pa. Respondent, Smith, died on April 9, 1944, and since that date respondent, Hynes, has continued to operate the business under the same trade name.

Respondent, Fonda Container Company, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of New York. Its principal office and place of business were formerly located at 2150 Erie Street, Utica, N. Y., but since August, 1942, have been located in St. Albans, Vt.

Respondent, Menasha Products Company, is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Wisconsin, with its principal office and place of business located in Menasha, Wis. The corporation withdrew from membership in the association about June, 1942.

Respondent, Minkoff & Rosenfield Brothers, Inc., is a corporation, organized and existing under and by virtue of the laws of the State of New York, with its principal office and place of business located at 537 DeKalb

Avenue, Brooklyn, N. Y. The corporation does business under the trade name Miro Container Company.

Respondent, Russell Box Company, is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Michigan, with its principal office and place of business located in Kalamazoo, Mich. The corporation withdrew from membership in the association about July 1, 1941, and in December, 1941, discontinued that portion of its business relating to round paper containers.

Respondent, Sealright Company, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located in Fulton, N. Y.

Respondent, Sutherland Paper Company, is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Michigan, with its principal office and place of business located in Kalamazoo, Mich.

The respondents named in this paragraph, frequently referred to hereinafter as respondent manufacturers, have all been members of the respondent association and, with the exceptions noted above, are now members of the association.

PAR. 3. All of the respondent manufacturers are or have been respectively engaged in the manufacture of cylindrical liquid tight paper containers and in the sale and distribution thereof, causing such products, when sold, to be shipped or transported to purchasers located in various States of the United States other than the States in which such shipments originate, and in the District of Columbia. Each of the respondent manufacturers maintains or has maintained a regular current of trade in its products in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. Respondent association and respondent, George J. Lincoln, Jr., are not engaged in commerce but have aided, abetted, furthered, and participated in the understandings, agreements, combinations, and conspiracies hereinafter described, and have actively cooperated and participated in the performance of the acts and practices done pursuant thereto and in furtherance thereof.

PAR. 5. The respondent manufacturers are or have been in active and substantial competition with one another and with other individuals, firms, and corporations engaged in the sale and distribution of cylindrical liquid tight paper containers in commerce among and between the various States of the United States and in the District of Columbia, except insofar as such competition has been restrained, lessened, injured, and suppressed as a result of the understandings, agreements, combinations and conspiracies hereinafter set forth.

PAR. 6. The respondents have during the last several years entered into and carried out understandings, agreements, combinations, and conspiracies among themselves for the purpose of restricting, restraining, suppressing, and eliminating competition and creating a monopoly in the sale of cylindrical liquid tight paper containers in commerce as aforesaid. Pursuant to and in furtherance of such understandings, agreements, combinations, and conspiracies, the respondents have engaged in the following acts and practices:

1. Agreed to fix and maintain and have fixed and maintained uniform delivered prices governing the sale of cylindrical liquid tight paper containers by the respondent manufacturers,

2. Agreed to fix and maintain and have fixed and maintained uniform discounts and other terms and conditions governing the sale of such containers.

3. Agreed to fix and maintain and have fixed and maintained standard uniform sizes and colors for such containers, and the quality of materials used therein.

4. Agreed to fix and maintain and have fixed and maintained certain percentage quotas which represented and limited the amount of business which each of the respondent manufacturers should do. Penalties were exacted from any respondent manufacturer whose business exceeded his designated percentage quota, and payments were made to any respondent manufacturer who sold less than his specified quota.

5. Agreed to establish and maintain and have established and maintained geographical zones throughout the United States and uniform price differentials between such zones.

6. Agreed to adopt and maintain and have adopted and maintained a zoning system whereby the United States was divided into certain zone areas so that all purchasers within a given zone area, regardless of the distance of the place of business of the purchaser from the place of business of the manufacturer, paid the same delivered price for cylindrical liquid tight paper containers.

7. Agreed to classify arbitrarily and have arbitrarily classified customers either as jobbers or consumers, and have established and maintained uniform price differentials between the two classes.

8. Agreed to maintain and have maintained resale prices at which jobber customers were required to sell the products of the respondent manufacturers, such requirement being enforced through refusal of the respondent manufacturers to allow the usual jobber discounts to those jobbers who did not maintain the prices and terms fixed by such manufacturers.

9. Held and sponsored meetings at which information was exchanged among the respondent manufacturers with respect to prices, discounts, charges, and other terms and conditions to be fixed for the sale of cylindrical liquid tight paper containers.

10. The respondent manufacturers have agreed to file and in practice have filed with the association their price lists for their products, and have, pursuant to agreement, abided by such filed prices until new and different prices were filed by them. They have also agreed to file and in practice have filed with the association invoices or copies thereof showing details of sales made by them, such details including price, discount, and terms of sale.

PAR. 7. Each of the respondents has acted in concert and cooperation with one or more of the other respondents in doing and performing the acts and things set forth above in furtherance of such understandings, agreements, combinations, and conspiracies.

PAR. 8. As an incident to and a necessary result of their agreed policy and practices of making delivered prices only and of making such prices identical, notwithstanding differences in the actual freight from the various shipping points to given distances, the respective respondent manufacturers have arbitrarily and systematically demanded, charged, accepted, and received larger sums of money for their products from their customers located near their respective manufacturing establishments than from their customers located at greater distances; have thereby forced their near-by customers to pay more to respondent manufacturers

for their products in order that more distant ones might pay less; have deprived their near-by customers of any price advantage by reason of their proximity to the place of manufacture; and have thereby arbitrarily and systematically discriminated in price among their respective customers in bad faith in order to suppress competition in price among the respondent manufacturers.

PAR. 9. The aforesaid understandings, agreements, combinations, and conspiracies, and the things done pursuant thereto and in furtherance thereof, as herein set forth, have the effect of unduly and unlawfully restricting, restraining, hindering, and preventing price competition between and among the respondent manufacturers in the sale of cylindrical liquid tight paper containers in commerce as defined in the Federal Trade Commission Act; of unduly and unlawfully restricting and restraining trade in such products in commerce as aforesaid; and the tendency and capacity to eliminate competition and create a monopoly in the sale of such products in such commerce, thereby placing in the respondent manufacturers the power to control and enhance the prices of their products.

CONCLUSION

The acts and practices of the respondents, as herein found, are all to the prejudice of the public and of the competitors of the respondent manufacturers, and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answers of the respondents admitting all of the material allegations of fact in the complaint and waiving all intervening procedure and further hearings as to the facts, and testimony and other evidence taken before a trial examiner of the Commission theretofore duly designated by it; and the Commission having made its findings as to the facts and its conclusion that the respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That respondents, Liquid Tight Paper Container Association, an unincorporated association, and George J. Lincoln, Jr., secretary and manager of said association, and respondent manufacturers, Boothby Fibre Can Company, a corporation, George T. Hynes, individually, and doing business under the name Champion Container Company, Fonda Container Company, Inc., a corporation, Menasha Products Company, a corporation, Minkoff & Rosenfield Brothers, Inc., a corporation doing business under the name Miro Container Company, Russell Box Company, a corporation, Sealright Company, Inc., a corporation, and Sutherland Paper Company, a corporation, and the respondents' respective officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of cylindrical liquid tight paper containers 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 or among any two or more of said respondents, or between any one or more of said respondents and others

not parties to this proceeding, to do or perform any of the following acts or things:

1. Fixing or maintaining certain percentage quotas which represent and limit the amount of business that each respective respondent manufacturer should do in said products.

2. Fixing or maintaining uniform delivered prices for the sale of said products.

3. Fixing or maintaining uniform discounts, terms, and conditions of sale to be observed in the sale of said products.

4. Fixing or maintaining standard uniform sizes, colors, and quality of materials for said products for the purpose or with the effect of restraining competition in the offering for sale or sale of said products.

5. Continuing the delivered price zones heretofore used for making quotations and sales of said products, or establishing or maintaining any delivered price zones which are similar to those heretofore used in that their use would result as heretofore in making the delivered prices of the respective respondent manufacturers identical despite their different costs of delivery.

6. Fixing or maintaining uniform price differentials between such established geographical zones.

7. Fixing or maintaining any classification of customers, either as jobbers or consumers, for the purpose or with the effect of establishing or maintaining uniform price differentials between the respective classes.

8. Fixing or maintaining resale prices at which the respective respondent manufacturers' jobber customers sell said products, and refusing to allow usual jobber discounts to those jobbers who do not sell at the respondent manufacturers' suggested price and terms.

9. Filing with the respondent association, or with any other medium or central agency, price lists or other information showing current or future prices for said products, with the understanding that such price lists or other information showing current or future prices for said products will not be changed or deviated from until new and different price lists or other information showing other current or future prices are so filed by the respondent manufacturers.

10. Forwarding by the respondent manufacturers to the respondent association of invoices or copies thereof showing the details in respect to prices, discounts, and terms of sale at which said products are being sold, for the purpose or with the effect of restraining competition in the offering for sale or sale of said products.

11. Holding and sponsoring meetings of respondent manufacturers for the discussion and interchange of information relating to prices, discounts, conditions, charges, or terms to be fixed for the sale of said products.

It is further ordered, That all of said 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.

It is further ordered, That the complaint herein be, and it hereby is, dismissed as to respondent, Gordon S. Smith, now deceased.

IN THE MATTER OF
ALASKA FUR TRAPPERS, INC. AND MAX FRIEDMAN

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 28, 1914

Docket 5199. Complaint, Aug. 3, 1944—Decision, May 31, 1945

Where a corporation and its president, who formulated, directed and controlled its acts and practices, engaged in the interstate sale and distribution of fur products, and, principally, fur coats and neckpieces—

Represented through use of word "trappers" in its corporate and trade name, featured on letterheads and cards, invoices, circulars and other advertising material, and through word "manufacturing" in phrase "Manufacturing Furriers" in connection therewith, and word "wholesale" also, that they were engaged in the trapping of fur bearing animals, manufactured or produced the fur products sold by them, and were wholesalers of fur products;

The facts being they were neither trappers, manufacturers, nor wholesalers of fur products, with whom a substantial portion of the purchasing public prefer to deal directly as affording, in its belief, lower prices and superior quality, but were engaged exclusively in selling at retail to the consuming public fur products obtained by them from manufacturers or wholesalers thereof;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public with respect to their business identity and status and the origin of their products, and thereby cause it to purchase substantial quantities thereof:

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

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

Mr. B. G. Wilson for the Commission.

Herbstman & Bleyman, of New York City, for respondents.

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 Alaska Fur Trappers, Inc., a corporation, and Max Friedman, individually, and as president of said corporation, hereinafter referred to as respondents, have violated the provisions 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, Alaska Fur Trappers, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business at 36 West 35th St., New York, N. Y.

Respondent, Max Friedman, is an individual, and president of the corporate respondent, Alaska Fur Trappers, Inc., with his office and principal place of business at 36 West 35th St., New York, N. Y.

Respondent, Max Friedman, controls, formulates, and directs the acts and practices of the corporate respondent.