

IN THE MATTER OF

HAROLD S. SCHWARTZ, JEROME G. BECKER, LOUIS S. SCHWARTZ, AND LOUIS C. SCHNITZ, TRADING AS ILLINOIS MERCHANDISE MART

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

Docket 5245. Complaint, Nov. 6, 1944—Decision, July 21, 1948

Where four partners engaged in the interstate sale and distribution of various types of household merchandise, wearing apparel, and novelties; through catalogs, order forms, coupons and other advertising material, directly or by implication—

- (a) Falsely represented that prices stated and advertised for their merchandise were special, reduced, special introductory, or cut-rate prices for a limited time only through such statements as “. . . Sensational Merchandise Values Special to Illinois Merchandise Mart customers . . .”;
- (b) Represented that certain billfolds were constructed of top-grain or outer split bovine leather, namely, of genuine grain leather of the highest quality, and had a value of \$4.50, that the price of \$1.98 therefor was a special introductory price for a limited time only; and that an identification plate and key tag with gilt chain were given free with each purchase thereof;

The facts being that none of said billfolds were constructed in whole or part of such leather; many were made of inner split cowhide and also contained components of other materials such as imitation leather, calfskin, or sheepskin; many contained no cowhide of any nature but were constructed wholly of calfskin, sheepskin, imitation leather, and other fabrics; \$1.98 had been their regular price for more than 5 years; and the so-called “free” were included only in combination with the purchase of a billfold;

- (c) Represented that certain simulated pearl necklaces had a value of \$4.50 each but were offered at \$2.98 as a special close-out price for a limited time only, and that a simulated birthstone ring was given free; through such statements as “Free . . . Send no money to get these glamorous pearls and free birthstone ring! Please rush to me at once the set of single-strand pearls . . . Include one simulated birthstone ring absolutely free . . . I enclose \$2.98”;
- (d) Represented that a telescope offered by it for 98 cents was precision made and 10 power and had a value of \$10, and that an airplane chart included therewith was given free only to those ordering promptly, through such statements as “10 Power Telescope. America's biggest 10 Power Telescope value. Don't confuse it with small ‘weak vision’ telescopes. It is precision made . . . Free! Only 98¢ . . .”;

- (e) Represented that 98¢ was a special, reduced, or close-out price for a pearl-handle steel knife and that the oilstone included therewith was given “free”;

The facts being that said necklace, telescope, and knife had been regularly and continuously offered and sold at said purported special, reduced prices for 5 years or more; the telescope was useful only as a toy, with a maximum

value of about \$1.50, its lens was not precision made and would only magnify objects about five times; and the articles included respectively in combination with the necklace, telescope, and knife were not given free, but were received only by purchasers of the others;

- (f) Represented that a "Swiss Windmill Weather Forecaster," priced at 98¢ was precision built and made in Switzerland and was dependable in forecasting weather 24 hours in advance and was of a value of \$10;

The facts being that the component parts of said instrument were produced in the United States, purchased from manufacturers and assembled by said individuals; it contained no parts produced in or imported from Switzerland; contained a thermometer and a thermoscope, or "storm glass," neither of which, either individually or in combination, provides a dependable means of forecasting weather but were useful only for indicating temperature; were not precision built; and for 5 years or more had been regularly sold for 98¢, and did not have a value of \$10;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such representations were true, and with effect of thereby causing purchase by it of their merchandise:

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

In said proceeding in which the complaint also charged respondents with falsely advertising that certain plastic raincoats offered by them were 100 percent acidproof and rainproof like glass, the evidence was not adequate to provide a sufficient basis for determination of the charges, and consequently no finding was made thereon.

Before *Mr. George Biddle*, trial examiner.

Mr. R. A. McQuat and *Mr. R. P. Bellinger* for the Commission.

Mr. George Landesman, of New York City, for respondents.

COMPLAINT

Pursuant to 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 Harold S. Schwartz, Jerome G. Becker, Louis S. Schwartz, and Louis C. Schnitz, copartners, trading as Illinois Merchandise Mart, 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 Harold S. Schwartz, Jerome G. Becker, Louis S. Schwartz, and Louis C. Schnitz, are individuals trading as Illinois Merchandise Mart with their principal place of business located at 510 North Dearborn Street in the city of Chicago, State of Illinois.

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PAR. 2. Respondents are now, and for more than 2 years last past have been, engaged in the sale and distribution of various types of household merchandise, wearing apparel, and novelties. The respondents now cause, and for several years last past have caused, their said products, when sold, to be transported from their place of business in the State of Illinois to the purchasers thereof at their respective points of location in the various other States of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained a course of trade in their said products in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business in connection with the offering for sale, sale, and distribution of their products in commerce, and for the purpose of inducing the purchase thereof, the respondents have engaged, and do now engage, in practices which are designed to and have the result of misleading and deceiving purchasers and prospective purchasers. In furtherance of these practices the respondents maintain no standard mark-up in establishing the sale price of their merchandise and the sale price represented by the respondents are, in fact, fictitious and in no sense represent either the true value or the true selling price of the articles so marked.

By said means the respondents can and do falsely represent to purchasers and prospective purchasers that by the purchase of a certain combination of certain articles of merchandise the said purchasers obtain special values which, in fact, do not exist.

The respondents have made, and do now make, such false representations by means of advertisements inserted in newspapers and magazines having a general circulation in the District of Columbia and in various States, and by advertisements in catalogs, order forms, coupons and other means circulated generally in the District of Columbia and throughout the United States, wherein and whereby the respondents represent that on the purchase of a certain item of merchandise the purchaser will receive another item or items of merchandise "Free" and additional items "Free" for ordering at once. Typical, but not exclusive of said false statements and representations and so-called "free" goods offers, are the following:

1. * * * SENSATIONAL MERCHANDISE VALUES SPECIAL to Illinois Merchandise Mart customers * * *

2. THE GREATEST BILLFOLD BARGAIN IN ALL AMERICA: Your lodge emblem or Army or Navy Insignia and name Engraved in 23K. Gold—Absolutely Free Special Introductory Offer \$1.98. Genuine Highest Quality Select Grain Leather * * * Your lodge emblem, name, address and social security number

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engraved in gold—absolutely free! * * * You would expect to pay up to \$4.50 and consider it a marvelous buy. If you take advantage of this sensational introductory offer, you can get this superb genuine wallet and pass case for only \$1.98, and we will send you absolutely free a specially designed three color emergency identification plate which carries your social-security number, your name and address of your Army draft Number. * * * **ALSO FREE** if you order at once, we send you this beautiful identification key tag and gilt chain to match. Hand engraved with your name, address, city and State. Will last a lifetime. * * * Rush this coupon for this once-in-a-lifetime bargain! Illinois Merchandise Mart.

3. **FREE** * * * Send no money to get these glamorous pearls and **FREE** birthstone ring! Please rush to me at once the set of single-strand pearls with genuine matching sterling silver clasp. Include one simulated birthstone ring absolutely free * * *. Send pearls and free birthstone ring c.o.d. * * * I enclose \$2.98.

4. 10 Power Telescope. America's biggest 10 **POWER TELESCOPE** value. Don't confuse it with small "weak-vision" telescopes. It is precision made * * * focuses instantly * * * clear-sharp-big as life. Free! Only 98¢ * * * By sending the small price of only 98¢ plus 10¢ for handling in advance you save yourself 25¢ to 50¢ in postage and c. o. d.

5. **PRINCESS PLASTIC GLASS RAINCOAT**. Acidproof—100% waterproof raincoats * * * now only \$7.95.

6. Close-out price only 98¢. Essence of pearl handle steel knife. * * * This includes * * * our regular 25¢ value oilstone **FREE**.

7. The greatest red letter text Bible value ever offered! Only \$1.69 * * * **FREE**. If you send your order at once we will include **ABSOLUTELY FREE**, this 378-page complete pocket dictionary * * *. Free Gene Autry 98-page deluxe songbook 75¢ value.

8. **YOU CAN TELL THE WEATHER** up to 24 Hours in Advance with the Swiss Windmill Weather Forecaster * * * Dependable, Beautiful, Accurate * * * At last! Everyone can now own this beautiful hand-painted reliable accurate Swiss Windmill Weather Forecaster * * * Only 98¢ * * * Precision Made * * * Tells you the temperature—Tells you it's going to rain or snow or shine—predicts any weather change that's on the way—up to 24 hours in advance! * * * The Thermometer is guaranteed to be 100% accurate from 120° to 130° below zero.

Respondents also make other and similar purported free offers and false statements and representations which are not herein specifically described.

PAR. 4. By means of the foregoing statements and representations, and others of similar import not specifically set out herein, respondents represent, and have represented, directly and by implication, that the prices stated for said merchandise are special reduced or cut-rate prices for a limited time only, and that the billfold is genuine grain leather of the highest quality and of a value of \$4.50, and that \$1.98 is a special introductory price for a limited time only, and that the identification plate and key tag and gilt chain are given "free"; that the simulated

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pearl necklace is of a value of \$4.50 and that \$2.98 is a special "close-out" price for a limited time only, and that the simulated birthstone ring is given "free"; that the telescope offered for 98¢ is precision made, and magnifies or focuses objects to ten times the normal and is of the value of \$10, and that the airplane chart included therewith is given "free" only to those ordering promptly; that the plastic raincoats offered for \$5.95 and \$7.95 each are 100 percent acidproof and rainproof, like glass; that 98¢ is a special reduced or "close-out" price for the pearl handle steel knife, and that the oilstone included therewith is given "free"; that the Swiss windmill forecaster priced at 98¢ is precision built, and made in Switzerland and is dependable in forecasting the weather 24 hours in advance, and is of a value of \$10.

PAR. 5. In truth and in fact the articles of merchandise which the respondents require the consumer to purchase are not standard articles of merchandise usually and customarily sold by respondents and other merchants in the usual and ordinary course of business at the evaluated price stated, or the prices quoted by respondent and represented as special reduced or cut-rate prices, but are instead articles of inferior grade and quality and lower price. The prices charged by respondents for said articles of merchandise required to be purchased in connection with the so-called "free" offers, are not the standard price which the respondents usually and customarily charge for said merchandise alone, or the usual and customary price which the purchaser would pay for the same articles of merchandise if purchased from other dealers.

In truth and in fact the respondents do not give any of said specified items of merchandise "free" to such purchasers as the price of the so-called "free" items of merchandise are included in the price of other articles of merchandise. The respondents can and do, in connection with the so-called "free" offer of merchandise, mark up the price of the various articles required to be purchased, so as to include the cost of the items which they represent the purchaser is to receive "free." By means of their practice of having no standard mark-up, and maintaining fictitious prices, the respondents can readily, and without the knowledge of the purchaser or prospective purchaser, include the cost of the so-called "free" goods in the sales price of the other items. As a result, the price paid by the purchaser is the regular price which would be paid for the combination of the various items, including the so-called "free" goods.

The billfold is not genuine grain leather of the highest quality, and is not of the value of \$4.50, and \$1.98 is not a special or introductory price for a limited time only, and the identification plate

and key tag and gilt chain are not given free; the simulated pearl necklace is not of a value of \$4.50 and \$2.98 is not a special close-out price for a limited time only, and the simulated birthstone ring is not given free; the telescope is not precision made, and does not magnify or focus objects to ten times over normal, is not of the value of \$10 and 98¢ is not a special reduced cut-rate price and the airplane chart is not given free only to those ordering promptly; the plastic raincoats offered for \$5.95 and \$7.95 each are not 100 percent acid-proof and rainproof like glass; 98¢ is not a special reduced or close-out price for the pearl handle steel knife, and the oilstone is not given free; the Swiss windmill forecaster is not of the value of \$10 and is not precision built, and is not a dependable forecaster and will not forecast the weather 24 hours in advance, and is not made in Switzerland, and 98¢ is not a special, reduced, or close-out price.

Furthermore, this offer of "free" goods is one of long standing, and constitutes respondents' permanent method of doing business, and the price of the "free" goods is included in the price of the other items which must be purchased to obtain the so-called "free" items.

PAR. 6. 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 November 6, 1944, issued and subsequently served its complaint in this proceeding upon the respondents, Harold S. Schwartz, Jerome G. Becker, Louis S. Schwartz, and Louis C. Schnitz, copartners and individuals, trading as Illinois Merchandise Mart, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the respondents filed their answer, testimony and other evidence in support of and in opposition to the allegations of the complaint were introduced before a trial examiner of the Commission theretofore duly designated by it, and such testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission upon the complaint, the answer thereto, testimony and other evidence, recommended decision of the trial examiner, exception thereto, and brief in support of the com-

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plaint (no brief having been filed by the respondents 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. The respondents, Harold S. Schwartz, Jerome G. Becker, Louis S. Schwartz, and Louis C. Schnitz, are individuals and copartners trading and doing business as Illinois Merchandise Mart, with their principal place of business located at 510 North Dearborn Street, Chicago, Ill. They are now, and for more than 6 years last past have been, engaged in the sale and distribution of various types of household merchandise, wearing apparel, and novelties.

PAR. 2. In the course and conduct of the aforesaid business, respondents cause, and have caused, their said products, when sold, to be shipped from their place of business in the State of Illinois to purchasers thereof at their respective points of location in various other States of the United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a course of trade in said products in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. For the purpose of inducing the purchase of their merchandise, respondents advertise in newspapers and magazines distributed throughout the United States and in catalogs, order forms, coupons, and other advertising material circulated and distributed by them among the purchasing public throughout the United States and in the District of Columbia. Among and typical of such statements and representations disseminated and caused to be disseminated are the following:

1. * * * SENSATIONAL MERCHANDISE VALUES SPECIAL to Illinois Merchandise Mart customers * * *.

2. THE GREATEST BILLFOLD BARGAIN IN ALL AMERICA: Your lodge emblem or Army or Navy Insignia and name Engraved in 23K. Gold—Absolutely Free Special Introductory Offer \$1.98. Genuine Highest Quality Select Grain Leather * * * Your lodge emblem, name, address and social security number engraved in gold—absolutely free! * * * You would expect to pay up to \$4.50 and consider it a marvelous buy. If you take advantage of this sensational introductory offer, you can get this superb genuine wallet and pass case for only \$1.98, and we will send you absolutely free a specially designed three color emergency identification plate which carries your social security number, your name and address of your Army draft Number. * * * ALSO FREE if you order at once, we send you this beautiful identification key tag and gilt chain to match.

Hand engraved with your name, address, city and State. Will last a lifetime * * * Rush this coupon for this once-in-a-lifetime bargain! Illinois Merchandise Mart.

3. **FREE** * * * Send no money to get these glamorous pearls and **FREE** birthstone ring! Please rush to me at once the set of single-strand pearls with genuine matching sterling silver clasp. Include one simulated birthstone ring absolutely free * * *. Send pearls and free birthstone ring c. o. d. * * * I enclose \$2.98.

4. 10 Power Telescope. America's biggest 10 **POWER TELESCOPE** value. Don't confuse it with small "weak-vision" telescopes. It is precision made * * * focuses instantly * * * clear-sharp-big as life. Free! Only 98¢ * * * By sending the small price of only 98¢ plus 10¢ for handling in advance you save yourself 25¢ to 50¢ in postage and c. o. d.

5. **PRINCESS PLASTIC GLASS RAINCOAT**. Acidproof—100% waterproof raincoats * * * now only \$7.95.

6. Close-out price only 98¢. Essence of pearl handle steel knife. * * * This includes * * * our regular 25¢ value oilstone **FREE**.

7. The greatest red letter text Bible value ever offered! Only \$1.69 * * * **FREE**. If you send your order at once we will include **ABSOLUTELY FREE**, this 378-page complete pocket dictionary * * *. Free Gene Autry 98-page deluxe songbook 75¢ value.

8. **YOU CAN TELL THE WEATHER** up to 24 Hours in Advance with the Swiss Windmill Weather Forecaster * * * Dependable, Beautiful, Accurate * * *. **AT last!** Everyone can now own this beautiful hand-painted reliable accurate Swiss Windmill Weather Forecaster * * * Only 98¢ * * * Precision Made * * * Tells you the temperature—Tells you it's going to rain or snow or shine—predicts any weather change that's on the way—up to 24 hours in advance! * * * The Thermometer is guaranteed to be 100% accurate from 120° to 130° below zero.

PAR. 4. Through the use of the above statements and representations and others of similar import and meaning not set out herein, respondents represent, and have represented, directly and by implication, that the prices stated and advertised for said merchandise are special, reduced, special introductory, or cut-rate prices for a limited time only; that the billfold is genuine grain leather of highest quality and of a value of \$4.50, that \$1.98 is a special introductory price for a limited time only, that the identification plate, key tag, and gilt chain are given "free"; that the simulated pearl necklace is of a value of \$4.50, that \$2.98 is a special "close-out" price for a limited time only, and that the simulated birthstone ring is given "free"; that the telescope offered for 98¢ is precision made and magnifies or focuses objects to ten times their normal size and is of a value of \$10 and that the air-plane chart included therewith is given "free" only to those ordering promptly; that the plastic raincoats offered for \$5.95 and \$7.95 each are 100% acidproof and rainproof like glass; that 98¢ is a special, reduced, or "close-out" price for the pearl handle steel knife and the oilstone included therewith is given "free"; and that the Swiss Windmill

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Weather Forecaster, priced at 98¢, is precision-built and made in Switzerland and is dependable in forecasting weather 24 hours in advance and is of a value of \$10.

PAR. 5. (a) The aforesaid statements and representations are false, deceptive, and misleading in the particulars hereinafter set out:

(b) None of the billfolds are constructed in whole of top-grain or outer split bovine leather. Many of them are in part of inner split cowhide and also contain components of other material, such as imitation leather, calfskin, or sheepskin, while many contain no cowhide of any nature but are constructed wholly of calfskin, sheepskin, imitation leather, and other fabric. \$1.98 is not a special, reduced, cut-rate, or introductory price for the billfolds for a limited time only. They have been offered for sale and sold at this price over a period of more than 5 years. The identification plate, key tag, and gilt chain are not given "free." In order to obtain these articles a billfold must be purchased, and said articles are included only in combination with such purchase.

(c) The simulated pearl necklace does not have a value of \$4.50, and \$2.98 is not a "close-out" price for a limited time only. It is regularly and continuously offered for sale at a price of \$2.98 and has been sold at this price for 5 years or more. The simulated birthstone ring is in no sense given "free." It is included only with the purchase of the necklace and sold only in combination therewith.

(d) The telescope represented as precision made, having 10 power, and a value of \$10 is, and has been, regularly and continuously sold at 98¢ for 5 years or more. It is useful only as a toy, with a maximum value of approximately \$1.50. Its lens is not precision made and will only magnify objects approximately five times. The airplane chart is not given "free" only to those ordering promptly. It is regularly and customarily included with the purchase of the telescope, and only persons purchasing the telescope receive it.

(e) 98¢ is not a special, reduced, or "close-out" price for the pearl handle steel knife. It is, and has been, regularly offered for sale and sold at this price for 5 years or more. The oilstone sold in combination therewith is not given free. Only persons purchasing the knife receive the oilstone.

(f) The component parts of the instrument designated by respondents as "Swiss Windwill Weather Forecaster" are produced in the United States, purchased from manufacturers thereof, and assembled by respondents. None of the parts are produced in, or imported from, Switzerland. This instrument contains a thermometer and a thermoscope, commonly known as a "storm glass," neither of which, when

used individually or in combination with each other, provides a dependable means of forecasting weather. Said instruments are useful only for indicating temperature. They are not precision built. This instrument is, and for 5 years or more has been, sold regularly and customarily for 98¢. It does not have a value of \$10, and 98¢ is not a special, reduced, or "close-out" price.

PAR. 6. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and has, the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that the statements and representations made are true, and causes, and has caused, a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondents' merchandise.

CONCLUSION

The acts and practices of the respondents as herein found are all to the injury and prejudice of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act. The evidence adduced with respect to the advertising of raincoats sold by respondents is not sufficiently adequate to provide a sufficient basis for any determination of the charges alleged in the complaint with respect thereto, and consequently no finding is made on this issue.

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, testimony and other evidence introduced before a trial examiner of the Commission theretofore duly designated by it, recommended decision of the trial examiner, exception thereto, and brief in support of the complaint (no brief having been filed by the respondents and oral argument not having been requested); and the Commission having made its findings as to the facts and conclusion that the respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondents, Harold S. Schwartz, Jerome G. Becker, Louis S. Schwartz, and Louis C. Schnitz, individually or as copartners trading as Illinois Merchandise Mart or under any other name or names, their agents, representatives, and employees, directly or through any corporate or other device in connection with the offering for sale, sale, and distribution in commerce as "commerce" is

defined in the Federal Trade Commission Act, of various types of household merchandise, wearing apparel, novelties, or other merchandise, do forthwith cease and desist from directly or indirectly:

1. Representing that any service or commodity for which a charge is made directly or indirectly, or the cost of which is included in the purchase price of any other service or commodity, is free, either by the use of the term "free" or by any other term or terms of similar import or meaning.

2. Representing that the customary or usual price for any kind or type of merchandise or commodity is a special, reduced, or cut-rate price; that an offer of said merchandise or commodity is limited in point of time when the offer is not in fact so limited; or that said merchandise or commodity offered is of a value in excess of the usual or customary price thereof.

3. Using the words "grain leather" or any other word or words of similar import or meaning, either alone or in combination with any other word or words, as a designation for, as descriptive of, or in connection with a product not composed wholly of the outer or hair-side of a skin or hide, except that where such a product is made in part of grain leather this provision shall not prevent a true description of such part or portion, provided such description is clearly limited thereto.

4. Using the numeral "10" or any variation thereof, either as a symbol or word, to designate, describe, or refer to a telescope or other instrument which does not in fact magnify objects ten times; or otherwise attributing to any instrument a magnifying power in excess of that possessed by its lenses.

5. Using the words "weather forecaster" or any other word or words of similar import or meaning, either alone or in conjunction with any other word or words to describe, designate, or refer to any instrument which does not provide a dependable means of weather forecasting.

6. Using the word "Swiss" or any other word or words of similar import or meaning, either alone or in conjunction with any other word or words, to designate, describe, or refer to a product not in fact made in, or imported from, Switzerland; or directly or impliedly representing in any manner that a domestic product is of foreign origin or manufacture.

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 it.

Syllabus

IN THE MATTER OF

CONNECTICUT LEATHER & FINDINGS ASSOCIATION,
INC., 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 5527. Complaint, Feb. 2, 1948—Decision, July 23, 1948*

Where eight trade association members, engaged in the purchase of rubber heels and soles and products accessory thereto from manufacturers and distributors, who were in competition with each other in the sale thereof except as it had been hindered, etc., as below set forth; and in the interstate sale and distribution of said products to retail customers, in competition also with one another and with other jobbers except as hindered, etc., as hereinafter set out—

- (a) Engaged, for more than 12 years last past, among themselves and between themselves and various manufacturers of aforesaid products, in organizing, developing, and perfecting a planned common course of action, combination and conspiracy to suppress and eliminate competition as to price, and otherwise, among themselves and among said manufacturers; and

Where their trade association, its officers, directors, and members, pursuant to said purpose and objective, at meetings of said association and otherwise—

- (1) Agreed upon uniform prices which said members and other jobbers would charge their retail customers for rubber heels, soles, and products accessory thereto;
- (2) Agreed upon uniform schedules to be used in the calculation of such prices; and
- (3) Agreed to maintain such fixed prices by means of contracts, warnings, threats, and injunctions, and did in fact so maintain them; and

Where said trade association, its officers, directors, and members—

- (b) Acted concertedly to induce, by means of threat of boycott and otherwise, said manufacturers of products concerned, to maintain "fair trade contracts" providing resale prices upon their products sold in Connecticut; and
- (c) Acted concertedly to discriminate by giving their patronage to manufacturers offering or utilizing such contracts and by withholding it from others, who did not;

Substantial and dangerous tendency of which acts, practices, and methods, which were all to the prejudice of the public, was to hinder, lessen, restrict, and restrain competition in commerce in sale of products concerned, and effect of which was directly, substantially, and unduly to hinder and restrain such competition:

Held, That such acts, practices, and methods constituted unfair acts and practices in commerce and unfair methods of competition therein.

Mr. L. E. Creel, Jr. and *Mr. Robert R. MacIver* for the Commission.
Mr. Charles Green, of Philadelphia, Pa., for respondents.