

Syllabus

IN THE MATTER OF
MALLEABLE CHAIN MANUFACTURERS INSTITUTE
ET AL.

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

Docket 5657. Complaint, May 18, 1949—Decision, Apr. 10, 1952

Where an unincorporated trade association and its eight corporate members, who manufactured over two-thirds of the malleable iron chain produced in the United States—

Unlawfully combined and conspired between and among themselves and others to restrain and eliminate competition in the sale and distribution of said product in commerce; and pursuant to said combination and conspiracy—

- (a) Cooperatively effected agreements to fix and maintain, and did fix and maintain, prices at which various types of malleable iron chain were sold and offered for sale by said member manufacturers; and

Where said Institute, in the course of said combination and conspiracy—

- (b) Functioned through its "Classification Committee", "Factors Committee" and "Committee on List Prices", the activities of which were, respectively, to establish standards and specifications of products, to devise factors or multipliers to be applied against average costs for the purpose of determining selling prices, and to propose for use by its members list prices for malleable iron chain; and

Where each of said member manufacturers, as a part of the aforesaid combination and conspiracy—

- (c) For pricing purposes maintained two geographic territories or divisions—namely, the Western or Pacific Coast Territory and an Eastern Territory—which were substantially identical for all and within which their trade discounts were substantially identical; with the result that delivered price quotations and prices calculated in accordance with said zone delivered price system were identical for all customers of the same class located in the same geographic zone;
- (d) Adopted and used the practice of allowing freight charges to destination on shipments of various types of malleable iron chain in excess of 100 pounds, which aided in the attainment of identical delivered prices; and

Where one member, one of the largest manufacturers of malleable iron chain in the United States and a leader in the industry—

- (e) In many instances announced and published prices and changes in prices and in trade discounts on certain items, determined by a formula or system previously agreed upon by all, which were thereafter followed by the other member manufacturers; and

Where said corporate members—

- (f) Filed and exchanged among their competitor members, and through the medium of said Institute, current or future prices or conditions of sale, and made bids and quoted prices consistent with such price information; and
- (g) Similarly exchanged information which concerned prices charged particular customers and volume of product, sales and shipments, where the identity

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of the purchasers could be determined from such information, so as to aid in securing compliance with prices, terms or conditions of sale; and

(h) Through the medium of their said Institute collected, compiled, circulated, and exchanged between or among themselves rates or transportation charge information which was used in computing prices and price quotations:

Held, That such combination, understandings, acts, practices, etc., under the circumstances set forth, were all and singularly unfair and to the prejudice of the public and against public policy because of their dangerous tendency unduly to hinder competition in the sale in commerce of said product, and create monopoly in themselves therein, and, therefore, constitute unfair methods of competition in commerce and unfair or deceptive acts or practices therein.

Mr. L. E. Creel, Jr., and *Mr. Leslie S. Miller* for the Commission.
Covington & Burling, of Washington, D. C., for Malleable Chain Manufacturers Institute, and its officers.

Pope & Ballard, of Chicago, Ill., for Link-Belt Co., and various other respondents.

Mr. Harker H. Hittson and *Porter, Stanley, Treffinger & Platt*, of Columbus, Ohio, for The Jeffrey Manufacturing Co.

Wood, Warner, Tyrrell & Bruce, of Milwaukee, Wisc., for Chain Belt Co. and Badger Malleable & Manufacturing Co.

Mr. John B. Nordholt, Jr., of Tiffin, Ohio, for Webster Manufacturing Co., Inc.

Hunter, Kavanagh, McLaughlin & Bond, of Peoria, Ill., for Peoria Malleable Castings Co.

Sidley, Austin, Burgess & Smith, of Chicago, Ill., for Moline Malleable Iron Co.

Bell, Boyd, Marshall & Lloyd, of Chicago, Ill., for Deere & Co.

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 the parties named in the caption hereof, and more particularly described and referred to hereinafter 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 as follows:

PARAGRAPH 1. The charges as hereinafter set forth are to the effect that respondents have combined and conspired to lessen competition and to restrain trade and commerce, as "commerce" is defined in the Federal Trade Commission Act, in the sale of malleable iron chain; that said respondents accomplished the combination and conspiracy

through agreements, understandings and concerted action among themselves and with others; and that each respondent named herein has used and is using trade restraining and unfair methods of competition and unfair or deceptive acts or practices in commerce in furtherance of and to make more effective the objectives of said combination and conspiracy.

PAR. 2. (1) Malleable Chain Manufacturers Institute, hereinafter referred to as respondent Institute, is an unincorporated trade association with its office and principal place of business at 11 South La Salle Street, Chicago, Illinois. The membership of respondent Institute is made up of eight manufacturers of malleable iron chain, hereinafter referred to as corporate respondents.

The following is a description of the corporate respondents, including their respective corporate status and their principal office and place of business: (2) Link-Belt Company, an Illinois corporation, 307 No. Michigan Avenue, Chicago, Illinois; (3) The Jeffrey Manufacturing Company, an Ohio corporation, First Avenue and Fourth Street, Columbus, Ohio; (4) Chain Belt Company, a Wisconsin corporation, 1600 West Bruce Street, Milwaukee, Wisconsin; (5) Webster Manufacturing Company, Inc., an Ohio corporation, Tiffin, Ohio; (6) Badger Malleable & Manufacturing Company, a Wisconsin corporation, 223 North Chicago Avenue, South Milwaukee, Wisconsin; (7) Peoria Malleable Castings Company, an Illinois corporation, at the foot of Alexander Street, Peoria, Illinois; (8) Moline Malleable Iron Company, an Illinois corporation, St. Charles, Illinois; (9) Deere & Company, an Illinois corporation, 230 South Clark Street, Chicago, Illinois, operating a wholly owned unincorporated subsidiary, trading as Union Malleable Iron Works of Deere & Company, East Moline, Illinois.

The following individual respondents are officers of respondent Institute: (10) A. C. Fellingner, Chairman, c/o Link-Belt Company, 519 Holmes Street, Indianapolis, Indiana; (11) L. E. Brill, Vice-Chairman, c/o The Jeffery Manufacturing Company, First Avenue and Fourth Street, Columbus, Ohio; (12) Mark Patterson, Secretary, 11 South La Salle Street, Chicago, Illinois; (13) Gorton Fauntleroy, Treasurer, c/o Moline Malleable Iron Company, St. Charles, Illinois.

PAR. 3. The corporate respondents, in the course and conduct of their business, have regularly sold and shipped malleable iron chain to purchasers at points in the several States of the United States, and in the District of Columbia, other than the State of origin of the shipment, in a regular current and flow of commerce, as "commerce" is defined in the Federal Trade Commission Act.

Respondent Institute, though not engaged in commerce, is and has been cooperating as a co-conspirator with corporate respondents and individual respondents herein in carrying out the unlawful acts in commerce as are herein alleged.

Respondent corporations are the only manufacturers in the United States engaged in manufacturing malleable iron chain and because of the adoption and use of methods, practices and policies hereinafter described, active and substantial competition in the sale of malleable iron chain has been lessened or eliminated.

PAR. 4. Respondents have unlawfully combined and conspired and are now parties to an unlawful combination and conspiracy between and among themselves and others to hinder, frustrate, suppress, restrain and eliminate competition in the sale and distribution of malleable iron chain in commerce.

Among the acts, methods, practices and policies engaged in by respondents pursuant to and in furtherance of the combination and conspiracy hereinabove alleged are the following:

1. Respondents have agreed to fix and maintain and have fixed and maintained prices at which malleable iron chain is sold and offered for sale by corporate respondents.

2. The aforesaid agreements to fix and maintain prices was effected through the co-operative activities of corporate respondents, among themselves and through the operation of their trade association, respondent Institute, and its officers.

3. Respondent Institute, in the course of the combination and conspiracy alleged, has functioned through its "Classification Committee," "Factors Committee" and "Committee on List Prices," the activities of which were to establish standards and specifications of products, to devise factors or multipliers to be applied against average costs for the purpose of determining selling prices, and to propose for adoption, publication and use by members of respondent Institute list prices for malleable iron chain.

4. Respondents have agreed to fix and maintain and have fixed and maintained substantially identical trade discounts and identical territorial divisions for the application of trade discounts in the territories designated by respondents as the Eastern Territory, the Rocky Mountain Territory, and the Western or Pacific Territory of the United States, each of which has its own schedule of trade discounts and all of which serve the purpose of devising a zone pricing system.

5. Respondents have agreed upon and, pursuant thereto, have placed into use substantially the same terms and conditions of sale, and have

adopted and used the practice of allowing freight charges to destination on shipments in excess of one hundred (100) pounds, in order to establish identical delivered prices.

6. Respondents, by agreement and understanding, have adopted and used, and now use, a price leadership plan whereby generally respondent Link-Belt Company, one of the dominant manufacturers of malleable iron chains, leads in the announcement and publication of price and trade discount changes in connection with the sale of malleable iron chain. Pursuant thereto, such prices and changes in prices and trade discounts as announced and used by said Link-Belt Company have been and are adopted and followed by the other corporate respondents herein.

PAR. 5. The inherent effects of the adoption and use by respondents of the practices and activities hereinabove alleged are that:

1. Price competition is and has been eliminated and trade is and has been restrained between corporate respondents in the sale of malleable iron chain.

2. Identical list prices, trade discounts, territorial divisions for the application of trade discounts, terms and conditions of sale, and delivered prices have resulted.

3. Unreasonable hardships and burdens have been and are placed upon the purchasing public because the public is deprived of the right and opportunity to purchase malleable iron chain from any corporate respondent at prices competitive to, at variance with, and lower than the prices quoted and charged by other corporate respondents.

4. The adoption and use by corporate respondents of the practice of allowing freight charges, the establishment of arbitrary geographical zones, and the use of certain trade discounts applicable to customers within the boundaries of these geographical zones have resulted in purchasers being denied natural advantages and benefits which would have otherwise accrued to them.

PAR. 6. The combination, conspiracy, agreements and understandings of the respondents and the acts, practices, pricing methods, devices and policies herein alleged are unfair and to the prejudice of the public; deprive the public of the benefit of competition; have dangerous tendencies and capacities to unlawfully restrain commerce in said products; have actually hindered, frustrated, suppressed, and eliminated competition in the sale of said products in commerce, and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

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CONSENT SETTLEMENT¹

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on May 18, 1949, issued and subsequently served its complaint on the respondents named in the caption hereof, charging said respondents with the use of unfair methods of competition and unfair or deceptive acts or practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

The respondents desiring that this proceeding be disposed of by the Consent Settlement procedure provided in Rule V of the Commission's Rules of Practice, solely for the purpose of this proceeding, any review thereof, and the enforcement of the order consented to, and conditioned upon the Commission's acceptance of the Consent Settlement hereinafter set forth, and in lieu of the answers to said complaint heretofore filed and which, upon acceptance by the Commission of this settlement, are to be withdrawn from the record, hereby:

1. Admit all the jurisdictional allegations set forth in the complaint.
2. Consent that the Commission may enter the matters hereinafter set forth as its findings as to the facts, conclusion, and order to cease and desist. It is understood that the respondents, in consenting to the Commission's entry of said findings as to the facts, conclusion, and order to cease and desist, specifically refrain from admitting or denying that they have engaged in any of the acts or practices stated therein to be in violation of law.
3. Agree that this Consent Settlement may be set aside in whole or in part under the conditions and in the manner provided in Paragraph (f) of Rule V of the Commission's Rules of Practice.

The admitted jurisdictional facts, the statement of the acts and practices which the Commission had reason to believe were unlawful, the conclusion based thereon, and the order to cease and desist, all of which the respondents consent may be entered herein in final disposition of this proceeding, are as follows:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. (1) Malleable Chain Manufacturers Institute, hereinafter referred to as respondent Institute, is an unincorporated trade

¹ The Commission's "Notice" announcing and promulgating the consent settlement as published herewith, follows:

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on April 10, 1952, and ordered entered of record as the Commission's findings as to the facts, conclusions, and order in disposition of this proceeding.

The time for filing report of compliance pursuant to the aforesaid order runs from the date of service hereof.

association with its office and principal place of business at 11 South La Salle Street, Chicago, Illinois. The membership of respondent Institute at all times referred to in the complaint was made up of eight manufacturers of malleable iron chain, hereinafter referred to as corporate respondents.

The following is a description of the corporate respondents, including their respective corporate status and their principal office and place of business: (2) Link-Belt Company, an Illinois corporation, 307 N. Michigan Avenue, Chicago, Illinois; (3) The Jeffrey Manufacturing Company, an Ohio corporation, First Avenue and Fourth Street, Columbus, Ohio; (4) Chain Belt Company, a Wisconsin corporation, 1600 West Bruce Street, Milwaukee, Wisconsin; (5) Webster Manufacturing, Inc., an Ohio corporation, Tiffin, Ohio, referred to in the complaint as Webster Manufacturing Company, Inc.; (6) Badger Malleable & Manufacturing Company, a Wisconsin corporation, 223 North Chicago Avenue, South Milwaukee, Wisconsin; (7) Peoria Malleable Castings Company, an Illinois corporation, at the foot of Alexander Street, Peoria, Illinois; (8) Moline Malleable Iron Company, an Illinois corporation, St. Charles, Illinois; (9) Deere & Company, an Illinois corporation, Moline, Illinois, trading as Union Malleable Iron Works of Deere & Company, East Moline, Illinois.

The following individual respondents are now or were during the time referred to in the complaint officers of respondent Institute: (10) A. C. Fellingner, Chairman, % Link-Belt Company, 519 Holmes Street, Indianapolis, Indiana; (11) L. E. Brill, Vice-Chairman, % The Jeffrey Manufacturing Company, First Avenue and Fourth Street, Columbus, Ohio; (12) Mark Patterson, Secretary, 11 South La Salle Street, Chicago, Illinois; (13) Gorton Fauntleroy, Treasurer, % Moline Malleable Iron Company, St. Charles, Illinois.

PAR. 2. At all times referred to in the complaint the corporate respondents, in the course and conduct of their business, have regularly sold and shipped malleable iron chain to purchasers at points in the several States of the United States, and in the District of Columbia, other than the State of origin of the shipment, in a regular current and flow of commerce, as "commerce" is defined in the Federal Trade Commission Act.

Respondent Institute, though not engaged in commerce, at all times referred to in the complaint cooperated as a co-conspirator with corporate respondents and individual respondents herein in carrying out the unlawful acts in commerce **as are herein found.**

PAR. 3. Respondent corporations manufacture substantially in excess of 66% of the malleable iron chain produced in the United States, and because of the adoption and use of methods, practices, and policies

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hereinafter described, active and substantial competition in the sale of malleable iron chain has been lessened or eliminated.

PAR. 4. Respondents, at all times referred to in the complaint, have unlawfully combined and conspired between and among themselves and others to hinder, frustrate, suppress, restrain and eliminate competition in the sale and distribution of malleable iron chain in commerce.

Among the acts, methods, practices and policies engaged in by respondents pursuant to and in furtherance of the combination and conspiracy hereinabove found are the following:

1. Respondents have agreed to fix and maintain, and have fixed and maintained, prices at which various types of malleable iron chain have been sold and offered for sale by corporate respondents.

2. The aforesaid agreements to fix and maintain prices were effected through the cooperative activities of corporate respondents among themselves and through the operation of their trade association, respondent Institute, and its officers.

3. Respondent Institute, in the course of the aforesaid combination and conspiracy, has functioned through its "Classification Committee," "Factors Committee" and "Committee on List Prices," the activities of which were to establish standards and specifications of products, to devise factors or multipliers to be applied against average costs for the purpose of determining selling prices, and to propose for adoption, publication and use by members of respondent Institute list prices for malleable iron chain.

4. Each of the corporate respondents, for pricing purposes, has maintained two geographic territories or divisions, each of which has had a different schedule of trade discounts and has served the respondent in its maintenance of a zone pricing system. The two geographic territories or divisions so maintained by each of the corporate respondents have been a Western or Pacific Coast Territory and an Eastern Territory. At all times referred to in the complaint, the Western or Pacific Coast Territory of all the corporate respondents, except Badger Malleable & Manufacturing Company and Deere & Company, trading as Union Malleable Iron Works of Deere & Company, has been comprised of the States of Oregon, Washington, California, Idaho, Nevada, and Arizona, and the Eastern Territory has been comprised of the remainder of the continental United States. The Western or Pacific Coast Territory of respondent Badger Malleable & Manufacturing Company has been comprised of only the States of Oregon, Washington, and California. However, this respondent has not made sales to customers located in the States of Idaho, Nevada, and Arizona. The Western or Pacific Coast Territory of respondent

Deere & Company, trading as Union Malleable Iron Works of Deere & Company, included, in addition to the six States above named, the States of Utah, Montana, and New Mexico. However, this respondent's sales during the past ten years to customers in its Western Territory, outside the States of Oregon, Washington, and California, have not been consequential. In each geographic area where two or more of the respondents have been making quotations and transacting business, their discounts, terms and conditions of sale have been substantially identical.

From the foregoing, the Commission concludes that the geographic territories or divisions of all the corporate respondents were therefore substantially identical; the trade discounts applicable within each of the aforesaid geographic territories or divisions were also substantially identical for all the respondents; prices calculated and determined pursuant to and in accordance with this zone delivered price system resulted in identical delivered price quotations and prices by all the corporate respondents to all customers of the same class located in the same geographic zone; and the adoption and maintenance of the aforesaid zone pricing system constituted a part and parcel of and a supplement to the over-all combination, conspiracy, and planned common course of action by which the price fixing agreements hereinbefore described were effectuated.

5. Each of the corporate respondents adopted and used the practice of allowing freight charges to destination on shipments of various types of malleable iron chain in excess of 100 pounds, although some respondents adopted the practice before others adopted it. The Commission concludes that this practice aided the respondents in the attainment of identical delivered prices and constituted a part of and supplement to the over-all conspiracy hereinabove found.

6. Respondent Link-Belt Company was one of the dominant manufacturers of malleable iron chain in the United States from the standpoint of size and was a leader in the industry. Prices and changes in prices and in trade discounts on certain items, determined by a formula or system previously agreed upon by all the respondents were, in many instances, announced and published by respondent Link-Belt Company and thereafter adopted, used, and followed by the other corporate respondents manufacturing those items.

7. Respondents have filed, exchanged, distributed, and relayed among their competitors, named herein as corporate respondents, and through the medium of the respondent Institute, price information showing current or future prices or conditions of sale, and have bid and made price quotations consistent with the price information which

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was filed, exchanged, distributed, and relayed among corporate respondents and through the medium of respondent Institute.

8. Respondents have filed, exchanged, distributed, and relayed among their competitors, named herein as corporate respondents, and through the medium of the respondent Institute, information concerning prices charged particular customers and information concerning volume of production, sales, and shipments where the identity of the purchasers could be determined from such information so as to aid in securing compliance with announced prices, terms or conditions of sale.

9. Respondents, through the medium of respondent Institute, have collected, compiled, circulated, and exchanged between or among corporate respondents rate or transportation charge information which was used in computing prices and price quotations.

PAR. 5. The combination, conspiracy, and the agreements, understandings, acts, practices, pricing methods, systems, devices, and policies, as hereinbefore found, have been all and singularly unfair and to the prejudice of the public and against public policy because of their dangerous tendency unduly to hinder competition and create monopoly, and because they have in fact tended to restrain competition in the sale in commerce of malleable iron chain, and therefore constitute unfair methods of competition and unfair or deceptive acts or practices in commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended.

CONCLUSION

The acts and practices of respondents, as hereinabove set forth, are all to the prejudice of the public and constitute unfair methods of competition and unfair or deceptive acts or practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

It is ordered, That respondents, Malleable Chain Manufacturing Institute, an unincorporated trade association, its directors, its officers, and its members; the members of its Classification Committee, the members of its Factors Committee, the members of its Committee on List Prices, or the members of any other Committee or Committees, however named, designated, or described, the purpose, function, or operation of which is to do any of the acts or things which are prohibited by the terms of this order; A. C. Fellingner, L. E. Brill, Mark Patterson, Gorton Fauntleroy, individually or as officers of respondent Institute, and Link-Belt Company, The Jeffrey Manufacturing

Company, Chain Belt Company, Webster Manufacturing, Inc., referred to in the complaint as Webster Manufacturing Company, Inc., Badger Malleable and Manufacturing Company, Peoria Malleable Castings Company, Moline Malleable Iron Company, Deere & Company, trading as Union Malleable Iron Works of Deere & Company, corporations, and their respective officers, representatives, agents and employees, in, or in connection with, the offering for sale, sale and distribution of malleable iron chain 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, understanding, agreement, combination or conspiracy between any two or more of said respondents, or between any one or more of said respondents and another or others not parties hereto, to do or perform any of the following things:

1. Quoting or selling at prices calculated or determined pursuant to, or in accordance with, any zone delivered price system; or quoting or selling at prices calculated or determined pursuant to, or in accordance with, any other system or formula which produces identical price quotations or prices, or which prevents purchasers from finding any advantages in price in dealing with one or more of the respondents as against any of the other respondents;
2. Establishing, fixing, or maintaining prices, discounts, terms or conditions of sale or adhering to any prices, discounts, terms or conditions of sale;
3. Formulating, devising, adopting or using uniform list prices or uniform delivered prices for malleable iron chain;
4. Establishing or maintaining geographical areas or zones wherein purchasers are quoted uniform prices, discounts or terms of sale;
5. Establishing or maintaining price differentials or discount differentials between different geographical areas;
6. Filing, exchanging, distributing, or relaying among the corporate respondents, or any of them, or any of their representatives, or through respondent Malleable Chain Manufacturers Institute, or through any other medium or central agency, price information showing current or future prices or conditions of sale of any particular respondent, or bid or price quotation submitted or to be submitted on any prospective piece of business, other than in particular single transactions involving the sale of malleable iron chain by one corporate respondent to another corporate respondent where neither the price to be charged by either respondent to the ultimate customer, nor the identity of such customer, is specified;

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7. Filing, exchanging, distributing or relaying among the corporate respondents, or any of them or any of their representatives, or through respondent Malleable Chain Manufacturers Institute, or through any other medium, central agency or publication, information concerning prices charged particular customers or information concerning volume of production, sales or shipments where the identity of the purchaser can be determined from such information and which has the capacity or tendency of aiding in securing compliance with announced prices, terms, or conditions of sale;

8. Collecting, compiling, circulating or exchanging between or among respondents or any of them rates or transportation charges used or to be used in computing prices or price quotations; or using, directly or indirectly, any such information so collected, compiled, or received, in computing price quotations;

9. Adopting, using, or in any way following any price quotations announced by particular respondents, or any of them, whereby quotations are made uniform or matched;

10. Establishing standards or specifications when the action taken or information exchanged is for the purpose of fixing or maintaining prices or has the tendency to fix or maintain prices or otherwise secure compliance with announced prices, terms, or conditions of sale;

11. Doing or causing any of the things listed in the preceding paragraphs (1) to (10) and the doing of which is forbidden in this order through action of respondent Malleable Chain Manufacturers Institute, or any subdivision or committee of said Institute, or any other individual, corporation or organization;

Provided, however, that nothing contained in this order shall be construed as prohibiting the establishment or maintenance of any lawful bona fide agreements, discussions, or other action solely between any corporate respondent and its directors, officers and employees, or between the officers, directors, agents or employees of any corporate respondent and relating solely to the carrying on of that corporation's sole and separate business, or between any corporate respondent and any of its wholly-owned subsidiaries, when not for the purpose or with the effect of restraining trade and when for the purpose and effect of promoting competition.

It is further ordered, That the respondents shall, within sixty (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.

MALLEABLE CHAIN MANUFACTURERS INSTITUTE,
 (sgd) COVINGTON AND BURLING,
 By (sgd) J. HARRY COVINGTON,
 Title: *Counsel.*

Date: February 28, 1952.

A. C. FELLINGER,
 (sgd) COVINGTON AND BURLING,
 By (sgd) J. HARRY COVINGTON,
 Title: *Counsel.*

Date: February 28, 1952.

L. E. BRILL,
 (sgd) COVINGTON AND BURLING,
 By (sgd) J. HARRY COVINGTON,
 Title: *Counsel.*

Date: February 28, 1952.

WEBSTER MANUFACTURING, INC.
 By (sgd) J. B. NORDHOLT, JR.,
 Title: *V.-Pres. and Counsel.*

Date: Feb. 21, 1952.

(sgd) Badger Malleable & Manufacturing Company,
 BADGER MALLEABLE & MANUFACTURING COMPANY,
 (sgd) WOOD, WARNER, TYRRELL & BRUCE,
 By (sgd) RICHARD H. TYRELL,
 Title: *Counsel.*

Date: Feb. 14, 1952.

PEORIA MALLEABLE CASTINGS COMPANY,
 By (sgd) J. C. SCULLY, JR.,
 Title: *Counsel.*

Date: Feb. 19, 1952.

(sgd) Moline Malleable Iron Company,
 MOLINE MALLEABLE IRON COMPANY,
 (sgd) SIDLEY, AUSTIN, BURGESS & SMITH,
 By (sgd) JAMES E. S. BAKER,
 Title: *Counsel.*

Date: February 15, 1952.

(sgd) Deere & Company, Trading as Union Malleable
 Iron Works of Deere & Company,
 DEERE & COMPANY, TRADING AS UNION MALLEABLE
 IRON WORKS OF DEERE & COMPANY,
 (sgd) BELL, BOYD, MARSHALL & LLOYD,
 By (sgd) GLEN A. LLOYD,
 Title: *Counsel.*

Date: February 16, 1952.

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MARK PATTERSON,
(sgd) COVINGTON AND BURLING,
By (sgd) J. HARRY COVINGTON,

Title: *Counsel.*

Date: February 28, 1952.

GORTON FAUNTLEROY,
(sgd) COVINGTON AND BURLING,
By (sgd) J. HARRY COVINGTON,

Title: *Counsel.*

Date: February 28, 1952.

LINK-BELT COMPANY,
By (sgd) POPE & BALLARD,

Title: *Counsel.*

Date: February 11, 1952.

THE JEFFREY MANUFACTURING COMPANY,
By (sgd) HARKER H. HITTSON,

Title: *Legal Counsel.*

Date: 2/25/52.

(sgd) Chain Belt Company,
CHAIN BELT COMPANY,
(sgd) WOOD, WARNER, TYRRELL & BRUCE,
By (sgd) RICHARD H. TYRRELL,

Title: *Counsel.*

Date: Feb. 14, 1952.

The foregoing Consent Settlement is hereby accepted by the Federal Trade Commission and ordered entered of record this 10th day of April, 1952.

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IN THE MATTER OF
DEJAY STORES, INC.

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

Docket 5793. Complaint, June 29, 1950—Decision, Apr. 10, 1952

Although the collection of honest and legitimate debt is a legal and even worthy aim, it does not justify or make legal the use of means which are false, misleading or deceptive.

As regards the respondent's appeal from the hearing examiner's initial decision in the instant matter, for reasons below set forth, the Commission was of the opinion that all the findings as to the facts contained in the initial decision were supported by reliable, probative, and substantial evidence in the record; that the conclusions contained therein were correct; that the order to cease and desist was proper upon the record and was required to provide proper relief from respondent's unfair and deceptive acts and practices; that the initial decision was proper in all respects to dispose of the proceeding; and accordingly denied the appeal.

Where a corporation engaged in the retail sale of clothing and other merchandise through a large number of stores in some twenty eastern, southeastern and midwestern states operated by its wholly-owned subsidiaries;

In seeking to obtain information as to current addresses and employment of persons to whom it had thus sold merchandise on credit through the managers of its retail stores and who were delinquent in their payment, by means of certain form letters—

- (a) Falsely represented through the use of the words "Personnel Bureau" in double postcards which they addressed to delinquent debtors at their last known address and which stated that "due to the shortage of transportation and manpower, we are unable to interview you personally" and requested the recipient to fill out and mail in the detachable portion which called for his name, address, employment and marital status and other information, that it was engaged in the business of operating a personnel management bureau or employment agency and that the information desired was to be used in connection with employment of personnel;
- (b) Thereafter represented through the use of another double postcard—upon which it displayed the words "DEJAY SERVICE CO." along with the legend "NOTICE OF GOODS FOR DELIVERY", followed by the statement "We are holding a package addressed to ----- which we have been unable to deliver because of incorrect address" and "Same will be forwarded upon receipt of the attached postal card properly filled in", in which provision was made, under the caption "CONSIGNEE'S NAME AND ADDRESS AS SHOWN ON SHIPMENT", for the name, address, and employer of the delinquent—that it had a package for the addressee and that the information requested was necessary to forward the package to such person; when in fact the only package available for delivery was one prepared by it; and

Where said corporation, following discontinuance of the use of the aforesaid postcards, in addressing references furnished by a delinquent debtor at the