

IN THE MATTER OF

BENJAMIN AND EDWARD J. GROSS COMPANY,
INC., ET AL.

Docket 6068. Complaint, Dec. 1, 1952—Order, June 24, 1955

Order dismissing, for failure to sustain the allegations, complaint charging a seller in New York City of diamond rings, under the trade name of "Rings O' Romance", with advertising as the usual and regular retail prices, prices which were in fact fictitious and greatly in excess of those at which the rings were usually sold at retail.

Mr. Frederick J. McManus for the Commission.

Halperin, Natanson, Shivitz & Scholer, of New York City, for Benjamin and Edward J. Gross Co., Inc., Benjamin Gross and Edward J. Gross.

Brobeck, Phleger & Harrison, of San Francisco, Calif., for Theodore H. Segall.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

This proceeding is before the undersigned Hearing Examiner for final consideration on the complaint, answer thereto, testimony and other evidence and proposed findings as to the facts and conclusions presented by counsel, and the Hearing Examiner having considered the matter and being now fully advised in the premises makes the following findings as to the facts and conclusions drawn therefrom:

1. Respondent Benjamin and Edward J. Gross Company, Inc., is a corporation organized under the laws of the State of New York with its principal office and place of business located at 64 West 48th Street, New York, New York. Respondents Benjamin Gross and Edward J. Gross were president and secretary, respectively of said corporation and as the officers thereof formulated, directed and controlled the policies, acts and practices of said corporate respondent. The respondent Benjamin Gross is now deceased, having died subsequent to the issuance of the order of the Hearing Examiner closing the taking of testimony in this proceeding.

2. Respondent Theodore H. Segall is an individual doing business under the name of Theodore H. Segall Advertising Agency with his office at 544 Market Street, San Francisco, California. Said respondent, for a period of time during 1951, was engaged as advertising agent for the corporate respondent, Benjamin and Edward J. Gross Company, Inc.

3. The respondent Benjamin and Edward J. Gross Company, Inc., is now, and for several years last past has been, engaged in the sale and distribution of diamond rings in interstate commerce and is engaged in direct and substantial competition with other concerns engaged in the sale and distribution of diamond rings in interstate commerce.

4. The respondent Benjamin and Edward J. Gross Company, Inc., sold its diamond rings direct to retail jewelers under the trade name of "Rings O' Romance" with special names being given to the individual rings comprising this line. Respondent's line of rings "Rings O' Romance" was from time to time nationally advertised, which advertisements carried the retail prices of the rings and such rings were pre-ticketed with the retail prices at the time of their delivery to respondent's customers. Such advertisements were not for the purpose of making sales direct, but as stated therein, the rings were for sale by authorized jewelers everywhere.

5. It is charged in the complaint that in 1951 the respondent caused to be placed in Life magazine an advertisement of its "Rings O' Romance" and that the prices set out in said advertisement for the various rings as the usual and regular retail prices were in fact fictitious prices and greatly in excess of the prices at which said rings were usually and regularly sold at retail. The complaint further charged that respondent Theodore H. Segall with the knowledge and consent of the corporate respondent caused advertisements to be placed on behalf of certain retail jewelers, which advertisements offered respondent's "Rings O' Romance" at one-half the price as advertised in Life magazine, thereby representing that the rings were being offered for sale by such retail customers at one-half the usual and regular retail price when in fact the retail price so offered was the regular retail price, or approximately the regular retail price for the various rings depicted in the advertisement. The complaint further charged that the placing of such advertisements both by the respondent Benjamin and Edward J. Gross Company, Inc., and by the respondent Theodore H. Segall constituted a joint scheme or plan by and through which retail dealers were enabled through the use of advertising matter prepared by respondent Theodore H. Segall to misrepresent the usual and regular prices of the diamond rings sold by respondent Benjamin and Edward J. Gross Company, Inc., and the savings afforded to the public who purchased such rings.

6. On or about August 17, 1950, the respondent, Theodore H. Segall, placed an advertisement on behalf of Milens Jewelers located at Oakland, California, in the Oakland Tribune advertising "Rings O' Ro-

mance" at one-half the price as advertised in the Saturday Evening Post, which advertisement contained the replica of a Saturday Evening Post advertisement placed by the corporate respondent several years prior thereto, depicting respondent's various rings sold under the trade name, "Rings O' Romance," along with the trade-marked names with price tags attached.

7. In 1951, respondent Theodore H. Segall in his capacity as advertising agent entered into an agreement with the corporate respondent to place an advertisement in Life magazine, which advertisement appeared in the July 30, 1951, issue of Life. This advertisement generally followed the format of the original advertisements placed in the Saturday Evening Post depicting the corporate respondent's "Rings O' Romance" with their trade names and price tags attached. The prices listed in the Life advertisement represented a 4-time mark-up which meant that the cost to the retail jeweler of a ring was 25 percent of the resale price, as for example, a ring costing the jeweler \$100.00 would have a resale price of \$400.00.

8. At or about the time the Life advertisement appeared, respondent Theodore H. Segall placed one or two advertisements for Milens Jewelers at the full price as advertised in Life magazine. Shortly thereafter, respondent Theodore H. Segall placed advertisements on behalf of Milens Jewelers reproducing the advertisement appearing in Life and advertising the rings at one-half the price as advertised in Life.

9. In September 1952, the corporate respondent placed another advertisement in Life magazine more or less similar in format to the previous ad, which advertisement was placed through a New York advertising agency and not by respondent Theodore H. Segall. At or about the time this latter advertisement appeared in Life magazine the respondent Theodore H. Segall prepared and placed an advertisement in the Oakland Tribune for Milens Jewelers containing reproduction of the Life advertisement and advertising "Rings O' Romance" at one-half the price as advertised in Life.

10. In addition, in 1951 the respondent Theodore H. Segall prepared advertising mats of the half-price sale and other promotional material, such as banners, price tickets, and other advertising material. In instances where jewelers would write in to Milens Jewelers requesting information concerning their advertisement, such request was referred to the respondent Theodore H. Segall who then advised such inquiring jewelers as to cost of obtaining advertising mats and other advertising material to be used in connection with a half-price

sale of corporate respondent's "Rings O' Romance." In some instances certain salesmen of the respondent advised jewelers of the half-price sale feature and referred them to the respondent Theodore H. Segall, and in other instances gave the names of various customers to Theodore H. Segall for the purpose of enabling him to write them in an effort to sell his promotional material.

11. In February 1951 a meeting was held at Phoenix, Arizona, at which respondent Edward J. Gross was present, together with a number of retail jewelers, including representatives of Grandville's jewelers of San Francisco, Wisefield of Seattle, Fromess of Denver and Milens Jewelers of Oakland, California. The respondent Theodore H. Segall was also present and had various discussions both with the retail jewelers and with respondent Edward J. Gross and at that time entered into negotiations with Edward J. Gross relative to acting as advertising agent in national advertising to be placed primarily in Life magazine. The witnesses testified that there was a general discussion of the half-price ad among the retail jewelers, but respondent Edward J. Gross denies that he ever took part in such discussions or had any knowledge of the proposed plan.

12. The gravamen of the charges of the complaint and the sole issue to be determined within the limits of the complaint as to whether the respondents were violating the provisions of the Federal Trade Commission Act was the extent to which the pre-ticketed or suggested resale price was fictitious and did not constitute the regular and usual price at which respondent's rings were sold to the general public. In presenting this issue, a number of retail jewelers and other witnesses were called by both parties to testify as to the customary mark-up used by retail jewelers in selling diamond rings. The consensus of this testimony was that there is in fact no established mark-up which is generally used or followed by the retail jewelers in the sale of diamond rings. The mark-up used depends to some extent upon the nature of the business being conducted, the location of the store and the nature of the competition. It is recognized that credit jewelers and those doing a large amount of advertising would ordinarily have a higher mark-up on diamond rings than that of the so-called cash jeweler. It appears from the testimony that the cash jeweler has a minimum mark-up of 100 percent of cost or as is known in the trade a 2-time mark-up. This obtains except in the case of the more expensive diamond rings in which the mark-up will be lower. Even as to jewelers who are classified or designated as cash jewelers, only a very small percentage would limit themselves to a 2-time mark-up

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on diamond rings, but instead would have a mark-up in excess of this amount. The credit jeweler would maintain a mark-up of 3 to 4 times, and in some instances may go as high as 5 or 6 times cost.

13. Prior to 1944, the pre-ticketed or suggested resale price placed upon its "Rings O' Romance" by the respondent and as carried in its advertising represented a 3-time mark-up. Subsequent to 1944, after the advent of the luxury tax, the pre-ticketed or suggested resale price represented a 4-time mark-up. If, as contended by the respondent, the retail jeweler sells such rings tax included, the suggested resale price would be slightly in excess of a 3-time mark-up which is in line with the mark-up most generally used by retail jewelers. If, on the other hand, the jeweler sells the ring at the suggested resale price plus tax, the 4-time mark-up thus involved would not be out of line with the customary mark-up used by credit jewelers who in fact comprise the greater part of respondent's customers.

14. Aside from the mark-up, the controlling feature in determining fictitious price is whether or not respondent's rings were in fact offered for sale and sold by jewelers at the suggested or pre-ticketed price. It appears from the testimony in this record that retail jewelers did, in fact, offer for sale and sell the respondent's "Rings O' Romance" at the suggested resale price appearing in Life Magazine advertisements. This is true both as to those jewelers who used the half-price sale feature and jewelers who refused or did not use such feature sale. At the time the advertisements were placed in Life magazine the respondent distributed and made available to its customers advertising mats referring to the Life advertisement and offering the rings so advertised at the price appearing in the Life advertisement. Respondent introduced into evidence a number of advertisements issued by various retail jeweler customers showing that respondent's rings were being offered for sale to the public at the prices set out in the Life magazine advertisement. It is further stipulated by the attorney for the Commission that there were many more customers of respondent who so advertised respondent's rings at the retail prices appearing in the Life advertisement. In addition, none of the jewelers who testified and who used the half-price sales campaign used as low a mark-up as a 2-time mark-up on diamond rings, and, consequently, in advertising respondent's rings at one-half price they were in fact selling at less than the usual mark-up followed by them in pricing diamond rings.

CONCLUSION

In view of the testimony hereinbefore described, it must be concluded that there has been a total failure in sustaining the charges of

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the complaint (a) that the resale prices appearing on respondent's diamond rings in their advertisements were false and fictitious, (b) that the prices, as advertised, were not the usual and customary prices at which respondent's rings were sold to the general public, and (c) that the half-price sale represented no saving to the purchasing public or that such sale price constituted the regular resale price at which respondent's rings were offered to the general public. Based upon the charges of the complaint and the testimony adduced in this record it must be further concluded that this proceeding should be dismissed as to all respondents.

ORDER

It is therefore ordered, That the complaint herein be, and the same hereby is, dismissed.

ORDER DENYING APPEAL FROM INITIAL DECISION

Counsel in support of the complaint having filed an appeal from the hearing examiner's initial decision dismissing the complaint herein, and the Commission having heard the appeal on briefs of counsel (oral argument not having been requested) ; and

The Commission being of the opinion that the initial decision is free from prejudicial error and that it constitutes an appropriate disposition of this proceeding:

It is ordered, That the appeal of counsel in support of the complaint be, and it hereby is, denied.

It is further ordered, That the hearing examiner's initial decision dismissing the complaint be, and it hereby is, affirmed.

IN THE MATTER OF

MICHAEL A. LOMBARDI ET AL. DOING BUSINESS AS
HOME SEWING MACHINE COMPANYCONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 6146. Complaint, Dec. 3, 1953—Decision, June 25, 1955*

Consent order requiring a concern in Baltimore with retail store in Washington, D. C., to cease passing off their sewing machines as the product of well-known manufacturers, failing to disclose adequately the foreign origin of sewing machine heads imported from Japan, making offers in "bait" advertising, which were not bona fide but made to obtain leads to prospects, etc.

Before *Mr. Abner E. Lipscomb*, hearing examiner.

Mr. William L. Taggart and *Mr. Ames W. Williams* for the Commission.

Mr. Morton H. Perry, of Baltimore, Md., 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 Michael A. Lombardi and Ada T. Lombardi, copartners doing business as Home Sewing Machine Company, 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. Respondents, Michael A. Lombardi and Ada T. Lombardi are copartners doing business under the name of Home Sewing Machine Company, having their principal place of business at 1113 North Howard Street, Baltimore, Maryland, with a retail store at 1208 H Street, N. W., Washington, D. C., and 825 7th Street, N. W., Washington, D. C.

PAR. 2. Respondents are now, and for several years last past have been, engaged in the retail sale of imported and domestic sewing machines. Among the imported sewing machines sold by them are those containing heads which are manufactured in Japan.

In the course and conduct of their business, respondents cause their said products, when sold, to be transported from their place of business in the State of Maryland and in the District of Columbia, to pur-

chasers located in various other States and in the District of Columbia, 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. Their volume of trade in said commerce has been and is substantial.

PAR. 3. When the sewing machine heads are received by respondents, the words "Made in Occupied Japan" or "Japan" appear on the back of the vertical arm. Before the heads are sold to the public as a part of a completed sewing machine, it is necessary to attach a motor to the head and after the motor is attached to the head, the aforesaid words are covered by the motor and thus obscured from view. In some instances said heads, when sold, are marked with a small medalion affixed to the front of the vertical arm which can be easily removed, and upon which the words "Made in Occupied Japan" or "Japan" appear. Such legend or words are, however, so small and indistinct that they do not constitute an adequate notice to the public that such heads are imported.

PAR. 4. When sewing machines or sewing machine heads are exhibited and offered for sale to the purchasing public and such products are not labeled or otherwise marked clearly showing they are of foreign origin, or if marked and the markings are covered or otherwise concealed, such purchasing public understands and believes such products to be wholly or substantially of domestic origin.

There is among the members of the purchasing public a substantial number who have a decided preference for sewing machines and sewing machine heads which are manufactured in the United States over such products originating in whole or in substantial part in foreign countries.

PAR. 5. Respondents, in their advertising matter, have made various statements concerning their sewing machines, of which the following is typical, but not all inclusive:

"Free-Westinghouse Console Electric Sewing Machine
Save \$71.33 * * * Reg. \$119.50 value \$47.77"

PAR. 6. By and through the use of the aforesaid statements and others of the same import not specifically set out herein, respondents represented that they were making a bona fide offer to sell the Free-Westinghouse Sewing Machine for \$47.77; that the regular price for said sewing machines was \$119.50 and that by purchasing said machine for \$47.77 a saving of \$71.33 would result.

PAR. 7. The said statements were false, misleading and deceptive. In truth and in fact, respondents' offer was not a genuine and bona

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fide offer to sell the sewing machine offered in the advertisement but was made for the purpose of obtaining leads and information as to persons interested in purchasing sewing machines. When persons responded to said advertisement, respondents or their salesmen called upon such persons in their homes or waited upon them in respondents' place of business and refused to sell, made no effort to sell, ignored the machine advertised or disparaged said machine and attempted to sell a higher priced machine, usually a machine the head of which is manufactured in Japan.

The regular selling price of said machine was not \$119.50 but was substantially less than said amount and \$71.33, or any amount approaching this figure was not saved if the machine was purchased for \$47.77.

PAR. 8. Respondents, in their advertising, further represented that their sewing machines carried a "20 Year Guarantee" and a "Lifetime Guarantee".

The use by the respondents of said statements of guarantee, without disclosing the terms and conditions of the guarantee, the name of the guarantor and the manner in which the guarantor will perform, is confusing and misleading and constituted an unfair and deceptive act and practice.

PAR. 9. Respondents in their advertising further represented that their said sewing machines would perform certain functions with the use of attachments but did not disclose that the cost of the attachments was not included in the advertised price of the machine. Such practice was misleading and deceptive in that the public was misled into the belief that the price for the machine included the cost of the attachments.

Respondents further stated in their advertisements that a purchaser would receive 10 sewing or dressmaking lessons. In truth and in fact, respondents did not furnish any sewing or dressmaking "lessons" in the sense that the word "lessons" is generally understood, that is, personal instruction. On the contrary, any so-called lessons furnished were entirely written and no personal instruction was provided.

PAR. 10. Respondents have adopted and use the word "Home" as the trade name for their sewing machines. The word "Home" is embossed or printed on the front horizontal arm of the sewing machine head in large conspicuous letters. The word "Home" is the name, or part of the name, of a number of corporations transacting and doing business in the United States which are, and have been, well and favorably known to the purchasing public. Some of these corporations use the word "Home" as a trade-mark or brand name, or as a part of the

trade or brand name for their products, including sewing machines.

By using said trade name "Home" on their machines, respondents represented to the purchasing public that their Japanese manufactured sewing machines were manufactured by the well known firm or firms with which said name or names have long been associated, which is contrary to the fact, and the use of said name by respondents was confusing and misleading to the public and constituted unfair and deceptive acts and practices.

PAR. 11. Respondents, by engaging in the said acts and practices herein set forth, and causing their agents and employees to engage in said acts and practices, provided a means and instrumentality in the sale of their machines whereby the purchasing public may be misled and deceived as to the place of origin of said Japanese manufactured sewing machines and the manufacturer thereof.

PAR. 12. Respondents, in the course and conduct of their business, are in substantial competition in commerce with the makers and sellers of domestic machines, and also with sellers of imported machines, some of whom adequately inform the public as to the source and origin of their said products.

PAR. 13. The failure of respondents to adequately disclose on the sewing machine heads that they are made in Japan and also the use of the trade or brand name "Home" had the tendency and capacity to lead members of the purchasing public into the erroneous and mistaken belief that their sewing machines are of domestic manufacture and are manufactured by a domestic company or companies with which said name has long been associated and to induce the purchase of their sewing machines because of such erroneous and mistaken belief.

Further, the use by the respondents of the other false, misleading and deceptive statements and practices had the tendency and capacity to mislead and deceive members of the purchasing public into the erroneous and mistaken belief that said statements were true and into the purchase of respondents' sewing machines because of such erroneous and mistaken belief.

As a result thereof, substantial trade in commerce has been unfairly diverted to respondents from their competitors and substantial injury has been and is being done to competition in commerce.

PAR. 14. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors, and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated June 25, 1955, the initial decision in the instant matter of hearing examiner Abner E. Lipscomb, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY ABNER E. LIPSCOMB, HEARING EXAMINER

On December 3, 1953, the Federal Trade Commission issued its complaint in this proceeding, charging the Respondents with unfair methods of competition and unfair and deceptive acts and practices in connection with the retail sale of imported and domestic sewing machines, in violation of the Federal Trade Commission Act.

Thereafter, on January 20, 1954, Respondents filed with the Commission their Answer to Complaint, and on April 15, 1955, entered into an agreement with counsel supporting the complaint, and, pursuant thereto, submitted to the Hearing Examiner a Stipulation For Consent Order disposing of all the issues involved in this proceeding.

Respondents are identified in the stipulation as copartners doing business under the name of the Home Sewing Machine Company, with their office and principal place of business located at 11 and 13 N. Howard Street, Baltimore 1, Maryland, and with retail stores located at 1208 H Street, N.W., and 825 Seventh Street, N.W., Washington, D. C.

Respondents admit all the jurisdictional allegations set forth in the complaint, and stipulate that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance therewith.

Respondents state in the Stipulation For Consent Order that they withdraw their answer, filed by them on January 20, 1954, and for all legal purposes said answer will hereafter be regarded as withdrawn. Respondents expressly waive a hearing before a Hearing Examiner or the Commission; the making of findings of fact or conclusions of law by the Hearing Examiner or the Commission; the filing of exceptions and oral argument before the Commission; and all further and other procedure before the Hearing Examiner or the Commission to which Respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents agree that the order contained in the stipulation shall have the same force and effect as if made after a full hearing, pre-

sentation of evidence, and findings and conclusions thereon. Respondents specifically waive any and all right, power, or privilege to challenge or contest the validity of such order.

It is also agreed that said Stipulation For Consent Order, together with the complaint, shall constitute the entire record in this proceeding, upon which the initial decision shall be based. The stipulation sets forth that the complaint herein may be used in construing the terms of the aforesaid order, which may be altered, modified, or set aside in the manner provided by statute for orders of the Commission.

The stipulation further provides that the signing of the Stipulation For Consent Order is for settlement purposes only, and does not constitute an admission by Respondents of any violation of law alleged in the complaint.

In view of the facts outlined above, and the further fact that the order embodied in the aforesaid stipulation is identical with the order accompanying the complaint except for clarification of Paragraph 8 thereof by the addition of the word "imported" in describing the product, it appears that such order will safeguard the public interest to the same extent as could be accomplished by the issuance of an order after full hearing and all other adjudicative procedure waived in said stipulation. Accordingly, in consonance with the terms of the aforesaid stipulation, the Hearing Examiner accepts the Stipulation For Consent Order submitted herein; finds that this proceeding is in the public interest; and issues the following order:

It is ordered, That the Respondents Michael A. Lombardi and Ada T. Lombardi, individually and as copartners doing business as Home Sewing Machine Company, or under any other name, and Respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of sewing machines, sewing machine heads or other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale, selling or distributing foreign-made sewing-machine heads, or sewing machines of which foreign-made heads are a part, without clearly and conspicuously disclosing on the heads, in such a manner that it will not be hidden or obliterated, the country of origin thereof;

2. Representing, directly or by implication, that a price for merchandise is the regular price when it is in excess of the price at which said merchandise is regularly and customarily sold in the normal course of business;

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3. Representing, directly or by implication, that any savings are afforded on the sale of merchandise unless the represented savings are based upon the price at which the merchandise offered is regularly and customarily sold in the normal course of business;

4. Representing, directly or by implication, that certain merchandise is offered for sale when such offer is not a *bona fide* offer to sell the merchandise so offered;

5. Representing, directly or by implication, that their sewing-machine heads or sewing machines are guaranteed for 20 years or for any period of time, or that they are otherwise guaranteed unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform are clearly and conspicuously disclosed;

6. Representing, directly or by implication, that the price of a sewing machine includes any attachments for which an additional charge is made;

7. Representing, directly or by implication, that sewing or dress-making lessons are furnished with the purchase of a sewing machine, unless personal instructions are actually provided for the purchasers of their sewing machines;

8. Using the word "Home," or any simulation thereof, as a trade or brand name to designate, describe, or refer to their imported sewing machines or sewing-machine heads; or representing, through the use of any other word or words, or in any other manner, that their sewing machines or sewing-machine heads are made by anyone other than the actual manufacturer.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That Respondents Michael A. Lombardi and Ada T. Lombardi, copartners doing business as Home Sewing Machine Company, 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 the order to cease and desist [as required by said declaratory decision and order of June 25, 1955].

Complaint

IN THE MATTER OF

MATTHEW HUTTNER ET AL. TRADING AS PYRAMID
BOOKSCONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 6307. Complaint, Mar. 8, 1955—Decision, June 25, 1955

Consent order requiring book sellers in New York City to cease selling their book reprints without adequately disclosing that they were abridgements and frequently sold under different titles from those under which the books were originally published.

Before *Mr. Earl J. Kolb*, hearing examiner.

Mr. William L. Pencke and *Mr. William M. King* for the Commission.

Mr. Leroy E. Rodman, 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 Matthew Huttner and Alfred R. Plaine, copartners trading under the firm name and style of Pyramid Books, 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. Respondents Matthew Huttner and Alfred R. Plaine are co-partners, trading and doing business under the firm name and style of Pyramid Books with their office and principal place of business located at 444 Madison Avenue, New York 22, New York.

PAR. 2. Respondents are now and for more than two years last past have been, engaged in the business of selling and distributing books through their agent or consignee, the Kable News Co., causing said books, when sold, to be transported from the place of business of said Kable News Co. in the State of New York to the purchasers thereof located in the various States of the United States and in the District of Columbia. Respondents maintain, and at all times mentioned herein have maintained a substantial course of trade in said books in commerce among and between the various States of the United States and the District of Columbia.