

IN THE MATTER OF
CORDAGE IMPORTERS ASSOCIATION, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket 6389. Complaint, June 30, 1955—Decision, Mar. 6, 1956¹

Consent orders requiring 18 importers of Mexican twine and a trade association to cease conspiring to hinder and suppress competition in the importation and sale of Mexican twine in commerce in the United States, and specifically to cease fixing and maintaining prices, terms, and conditions for the purchase, sale, and resale of Mexican twine; establishing and maintaining classifications or uniform designations of purchasers, preventing and restricting sale to cooperatives; fixing and maintaining uniform freight charges; enforcing compliance with resale prices and conditions by the discontinuance, or threats of discontinuance, of sales to any non-complying importer; maintaining a policy and practice of having the Mexican sources of supply discontinue the sale of twine to any importer reported as selling or reselling below their fixed prices.

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

Mr. Fletcher G. Cohn and *Mr. Lewis F. Depro* for the Commission.

Mr. Harry K. Nadell, of New York City, for respondents.

Respondents were also represented as follows:

Underhill & Rubinger, of New York City, for Milton L. Mintzer, Adolph A. Krejtman and A. A. Krejtman, Inc.

Madden, Meccia, O'Flaherty & Freeman and *Groble, O'Flaherty & Hayes*, of Chicago, Ill., for Howard Duizend.

Mr. William T. Eckhoff, of San Francisco, Calif., for G. C. Pierson.

Mr. Albert V. Hass, of Chariton, Ia., for Robert M. Stone and Keith E. Stone.

Ward & Palzer, of New York City, for Paulsen-Webber Cordage Corp. and Elwood Long.

Meyer, Kissell, Matz, Reynolds & Seward, of New York City, and *Legier, McEnerny & Waguespack*, of New Orleans, La., for Carl L. Ruch.

Mr. Dulany Foster, of Baltimore, Md., for Howard H. Short.

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

¹ Initial decision and identical order against Elwood Long immediately following.

Trade Commission, having reason to believe that the respondents named in the caption hereof have violated the provisions of Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Cordage Importers Association, Inc., hereinafter referred to as respondent "Importers" is a membership corporation organized and existing under the laws of the State of New York, with its principal office and place of business located at 55 West 42nd Street, New York 36, New York.

Respondent Daniel Kelminson is named as a respondent herein in his individual capacity and as President and as a member of the Board of Directors of the respondent Importers. Said respondent is also President of respondent General Twine Corporation, a member of respondent Importers and has his principal office and place of business located at 55 West 42nd Street, New York 36, New York.

Respondent J. Howard Bancroft is named as a respondent herein in his individual capacity, and as Vice President and Secretary, and as a member of the Board of Directors of respondent Importers. Said respondent is also President and Treasurer of respondent Independent Twine & Yarn Company, Inc., a member of respondent Importers and has his principal office and place of business located at 517 Arch Street, Philadelphia, Pennsylvania.

Respondent Milton L. Mintzer is named as a respondent herein in his individual capacity and doing business under the trade name of Milton L. Mintzer Company, as a member of respondent Importers and also as Treasurer and a member of the Board of Directors of respondent Importers. His principal office and place of business is located at 75 Maiden Lane, New York 7, New York.

Respondent Howard Duizend is named as a respondent herein in his individual capacity and doing business under the trade name of Atlas Cordage Company, as a member of respondent Importers, and as a member of the Board of Directors of respondent Importers. His principal office and place of business is located at 219 East North Water Street, Chicago, Illinois.

Respondent G. C. Pierson is named as a respondent herein in his individual capacity and doing business under the trade name of Davis Cordage Company, as a member of respondent Importers and as a member of the Board of Directors of respondent Importers. His principal office and place of business is located at 1709 North Spring Street, Los Angeles, California.

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Respondent Adolph A. Krejtman is named as a respondent herein in his individual capacity and as a member of the Board of Directors of respondent Importers. Said respondent is also President of respondent A. A. Krejtman, Inc., a member of respondent Importers, and has his principal office and place of business located at 38 Pearl Street, New York, New York.

Respondent Robert H. Stone is named as a respondent herein in his individual capacity and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as a member of respondent Importers, and also as a member of the Board of Directors of respondent Importers. His principal office and place of business is located at Chariton, Iowa.

Respondent General Twine Corporation is named as a respondent herein in its corporate capacity and as a member of respondent Importers. It is a corporation organized and existing under the laws of the State of New York with its principal office and place of business located at 55 West 42nd Street, New York 36, New York.

Respondent Independent Cordage Company is named as a respondent herein in its corporate capacity and as a member of respondent Importers. It is a corporation organized and existing under the laws of the State of New York with its principal office and place of business located at 399 Washington Street, New York 13, New York.

Respondent Independent Twine & Yarn Company, Inc., is named as a respondent herein in its corporate capacity and as a member of respondent Importers. It is a corporation organized and existing under the laws of the State of Delaware with its principal office and place of business located at 517 Arch Street, Philadelphia 6, Pennsylvania.

Respondent A. A. Krejtman, Inc., is named as a respondent herein in its corporate capacity and as a member of respondent Importers. It is a corporation organized and existing under the laws of the State of New York with its principal office and place of business located at 38 Pearl Street, New York, New York.

Respondent Paulsen-Webber Cordage Corporation is named as a respondent herein in its corporate capacity and as a member of respondent Importers. It is a corporation organized and existing under the laws of the State of New York with its principal office and place of business located at 170 John Street, New York 38, New York.

Respondent Carl L. Ruch is named as a respondent herein in his individual capacity and doing business under the trade name of The Cord-Tex Company, and as a member of respondent Importers,

with his principal office and place of business located at 730 Gravier Street, New Orleans, Louisiana.

Respondent Fred L. V. Schoenfeld is named as a respondent herein in his individual capacity and doing business under the trade name of Schoenfeld Mills Agency, and as a member of the respondent Importers with his principal office and place of business located at 1201 Commerce Street, Houston, Texas.

Respondent Daniel H. Shield is named as a respondent herein in his individual capacity and doing business under the trade name of Daniel H. Shield Cordage Company, and as a member of respondent Importers, and has his principal office and place of business located at 130 North Wells Street, Chicago, Illinois.

Respondent Harold H. Short is named as a respondent herein in his individual capacity and doing business under the trade name of Allied Cordage Company, and as a member of respondent Importers, and has his principal office and place of business located at 120 South Calvert Street, Baltimore, Maryland.

Respondent J. C. Shuford is named as a respondent herein in his individual capacity and doing business under the trade name of J. C. Shuford Company, and as a member of respondent Importers, and has his principal office and place of business located at the Merchandise Mart, Chicago, Illinois.

Respondent Keith E. Stone is named as a respondent herein in his individual capacity and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, and as a member of respondent Importers. His principal office and place of business is located at Chariton, Iowa.

Respondent Edward Long is named as a respondent herein in his individual capacity and doing business under the trade name of Mid-West Cordage Company, and has his principal office and place of business located at Fayette, Missouri.

PAR. 2. The respondent Importers was organized in 1953. Its announced object was to foster trade in commerce among those having a common interest in the importation and sale of cordage and twine, to procure uniformity and certainty in the customs and usages of the trade and commerce, to promote a more enlarged and friendly intercourse among businessmen and to secure the attainment and accomplishment of all purposes mentioned in the certificate of incorporation for the benefit of all members.

All of the respondents, identified in PARAGRAPH ONE as members of respondent Importers, who are hereinafter referred to as a group as "respondent members," were the original incorporators or charter members of respondent Importers.

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Respondent Kelminson has been President of respondent Importers since its inception. Respondent Ruch was Vice President of respondent Importers from the date of its inception until January 22, 1955, when he resigned and was succeeded by respondent J. Howard Bancroft. Respondent Daniel H. Shield was Secretary and member of the Board of Directors of respondent Importers during some of the times hereinafter mentioned. Respondent Milton L. Mintzer has been an official of respondent Importers since its inception. Respondents G. C. Pierson, Adolph A. Krejtman and Robert H. Stone have been members of the Board of Directors of respondent Importers since its organization. Respondent Howard Duizend, now a member of the Board of Directors of respondent Importers, was one of its charter members.

The by-laws of the respondent Importers provide that the government of the respondent Importers shall be vested in a Board of Directors consisting of eight members, as follows: The four officers and one elective member from each of the four different geographical regions of the United States.

Pursuant to this provision, respondents Daniel Kelminson, J. Howard Bancroft, Milton L. Mintzer, Howard Duizend, G. C. Pierson, Adolph A. Krejtman and Robert H. Stone, hereinafter referred to as a group as "respondent officials," when acting in their respective official positions in respondent Importers and/or when acting as members of the Board of Directors of respondent Importers, have directed and controlled, and do direct and control, the policies, acts and practices of respondent Importers, including the policies, acts and practices hereinafter set forth.

Also, while so acting, respondent officials have acted for, on behalf of, and with the approval of respondent members and their actions were intended to, and did, bind said respondent members in the same manner and with the same effect as though said respondent members had directly engaged in same.

Respondent Importers is not itself engaged in the importation, sale and distribution of any commodity in commerce, but has been used, and is being used, as a medium through which respondent officials and respondent members, directly or indirectly, have participated in some or all of the acts, practices, understandings and agreements hereinafter set forth.

Respondent nonmember, by, directly or indirectly, participating in, approving or adopting one or more of the policies, acts and practices hereinafter set forth, has consented to, approved or affirmed the activities of the respondent Importers and the respondent officials when either or both performed any of such policies, acts or practices.

PAR. 3. Each of the respondents named herein has, directly or indirectly, participated in, approved, or adopted one or more of the alleged illegal policies, acts and practices hereinafter set forth.

PAR. 4. The products involved are agricultural baler and binder twine, commercial wrapping twine, also called "ply" twine, and rope, all of which are hereinafter referred to as "Mexican twine." They are manufactured from Henequen fibre or sisal, grown in Yucatan, Mexico, by about 55 manufacturers located in the vicinity of Merida, Yucatan, Mexico. Approximately 90% of the total exports of such twines are to the United States. In 1952 the Mexican manufacturers exported 65,591,682 pounds of this Mexican twine, of which 61,200,496 pounds were shipped to the United States.

PAR. 5. The respondent members, together with respondent Edward Long, hereinafter referred to as "respondent nonmember," are among the largest importers of Mexican twine in the United States and account for well in excess of 50 percent of the total imports of such twine into the United States.

Said respondent members and nonmember are in a position to dominate and control, and have, to a large extent, dominated and controlled prices at which such twines are imported into the United States and resold in the United States, as well as the terms and conditions of such importation and resale.

PAR. 6. Immediately after its organization, respondent Importers appointed a committee of four to go to Merida, Yucatan, for the purpose of conferring with the Mexican manufacturers; this committee was authorized "to speak on behalf of the Association [respondent Importers] and its membership which had unanimously decided to discuss with the manufacturers in Mexico the problems that commonly face them and to try to seek a solution to these problems for the benefit of all." On this committee were respondents Daniel Kelminson, A. A. Krejtman, Robert H. Stone, and Carl L. Ruch. All of said members, with the possible exception of respondent Carl L. Ruch, did meet with a committee representing the Mexican manufacturers. At that time said Mexican manufacturers were members of a trade association called Productores de Artefactos de Henequen, which was organized under the laws of the country of Mexico.

As a result of such meeting, an agreement was entered into with reference to the importation into the United States of the Mexican twine manufactured by such Mexican manufacturers.

This agreement was made pursuant to and as part of the understanding, agreement, combination, conspiracy and planned common

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course of action to hinder and suppress competition in price and otherwise in the importation, sale and distribution of Mexican twines in commerce in the United States, as hereinafter set forth.

PAR. 7. In December 1953, the name of the association of manufacturers of the Mexican twine was changed to Cordeleros de Mexico. The association of Mexican manufacturers of such twine is hereinafter referred to as "Mexican Association," regardless of what its actual name may have been. Such Mexican Association is a party to the aforementioned described understanding, agreement, combination, conspiracy and planned common course of action, to hinder and suppress competition in price and otherwise in the importation, sale and distribution of Mexican twine in commerce in the United States, as hereinafter set forth, but is not made a party respondent hereto.

PAR. 8. In the course and conduct of their respective businesses, respondent members and respondent nonmember import Mexican twine into the United States, and sell and distribute said products to purchasers thereof located in various States of the United States, and, in so doing, each of said respondents causes such products, when so sold, to be shipped or transported to such purchasers located in States of the United States other than the place of origin of such shipments.

Respondent Importers and respondent officials, since they are the media whereby respondent members and nonmember have performed and conducted, in commerce, the understanding, agreement, combination, conspiracy and planned common course of action and the policies, acts and practices, hereinafter set forth, are each engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Each of the respondents maintains a constant course and current of trade in said products in commerce between and among the various States of the United States.

PAR. 9. Respondent members and nonmember, in the course and conduct of their respective businesses, at all times mentioned herein, have been, and are now, in competition with each other and with other corporations, partnerships, and individuals engaged in similar businesses in the sale and distribution of such twine in such commerce except insofar as same has been restrained, restricted or suppressed by the understanding, agreement, combination, conspiracy and planned common course of action and the policies, acts and practices hereinafter set forth.

PAR. 10. Respondent members and respondent nonmember, acting in cooperation with each other and through, by and in cooperation

with respondent Importers and respondent officials have, since about 1953, entered into, and been engaged in carrying out and performing, an understanding, agreement, combination, conspiracy, and planned common course of action between and among themselves and with the cooperation and assistance of the Mexican Association, to hinder and suppress competition in price and otherwise in the importation into the United States of Mexican twine and thereafter in the sale and distribution of same in commerce in the United States, and also to create in the respondent members and nonmember a monopoly in such commerce in the importation, sale and distribution of such Mexican twine.

PAR. 11. As part of, and pursuant to, such understanding, agreement, combination, conspiracy, and planned common course of action, and in furtherance thereof, respondent members and nonmember, acting in concert with each other, through and by means of respondent Importers and respondent officials, and in cooperation with the Mexican Association and by other means and methods, have, among others, performed and pursued the following policies, acts and practices:

(1) Attempted to fix and maintain, and they have fixed, the prices of Mexican twine which all importers, including respondent members and respondent nonmember, shall pay, and have paid, for the purchase of such twine imported into the United States from Mexico;

(2) Attempted to fix and maintain, and they have fixed, the prices to be charged, and which have been charged, by Mexican manufacturers who are members of the Mexican Association, for the Mexican twine exported by such manufacturers into the United States;

(3) Attempted to fix and maintain, and they have fixed, the prices at which such Mexican twine is to be resold, and has been resold, in the United States to jobbers and wholesalers by importers thereof, including respondent members and nonmember;

(4) Attempted to fix and maintain, and they have fixed, the prices at which such Mexican twine is to be resold, and has been resold, in the United States by such jobbers, wholesalers and importers, including respondent members and nonmember, to retail dealers in the United States;

(5) Attempted to establish and maintain, and they have established, the terms and conditions of sale for the importation into the United States, and the sale and resale thereof, of Mexican twine;

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(6) Attempted to classify, and they have classified, the buyers of Mexican twine imported into the United States into definite and specific categories, namely, as importers, wholesalers, dealers and consumers;

(7) Attempted to fix and maintain, and they have fixed, different prices at which buyers within each of the four above-mentioned categories shall resell such Mexican twine;

(8) Attempted to prevent, and they have prevented, the sale of Mexican twine to cooperatives at the same prices and conditions of sale as those made by the members of the Mexican Association to importers thereof;

(9) Attempted to require, and they have required, that all sales by members of the Mexican Association of Mexican twine, imported into the United States, to cooperatives be at the prices and conditions of sale which the importers of such twine, including respondent members and nonmember, specify for the wholesale or dealer customers of such importers;

(10) Attempted to fix and maintain, and they have fixed, the resale prices and conditions of sale for such Mexican twine by cooperatives in the United States;

(11) Attempted to establish and maintain, and they have established and maintained, a policy or practice that importers of Mexican twine, including respondent members and nonmember, and/or wholesalers, where any of them operates his own delivery truck, shall, in making sales of such twine, include a mark-up or additional charge for inland freight which is to be at the same rate charged by public carriers for transportation between the port of entry or between the importer's or the wholesaler's warehouse and the customer's destination;

(12) Attempted to maintain, and they have maintained, a system for enforcing the resale prices in the United States for such imported Mexican twine by the importers thereof, including respondent members and nonmember;

(13) Attempted to enforce, and they have enforced, a policy or practice requiring such importers, including respondent members and nonmember, to compel their respective wholesale customers to resell such Mexican twine to retail dealers at fixed prices;

(14) Attempted to enforce, and they have enforced, a policy or practice of having the respondent members and respondent nonmember report to the Mexican Association or the Association's members any and all sales by importers, resales by wholesale customers of such importers, or by retail customers of said importers, at prices below those fixed for such sales or resales;

(15) Attempted to establish and maintain, and they have established and maintained, a policy or practice of having the members of the Mexican Association discontinue the sale of Mexican twine to any importer, including respondent members and nonmember, who has been reported as selling, reselling, offering for sale, or offering for resale, Mexican twine at prices below the fixed prices.

PAR. 12. Pursuant to, as a part of, and as the result of the understanding, agreement, combination, conspiracy and planned common course of action, and of the policies, acts and practices, also hereinbefore alleged, certain importers of Mexican twine into the United States have been unable to obtain same for prolonged periods of time and thereafter not until they had given assurance that they would adhere in the future to the fixed resale prices.

PAR. 13. The capacity and tendency of the aforesaid understanding, agreement, combination, conspiracy, and planned common course of action, and the policies, acts and practices done and performed thereunder and pursuant thereto, have been, and are now, to coerce importers of Mexican twine into the United States who are not members of respondent Importers, to withdraw from the importation of such twine or to refrain from competing price-wise with respondent members and nonmember; to place in the respondents the power to control and police prices in the sale and distribution of Mexican twine in commerce in the United States; to restrict and limit the importation of such twine into the United States; to confine the importation of such twine to those importers who adhere to the fixed resale prices; and to create a monopoly in the respondent members and nonmember in the importation into the United States of Mexican twine and the sale and distribution thereof in commerce in the United States.

PAR. 14. The policies, acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public; have a dangerous tendency to and have actually hindered and restricted competition between and among said respondents, and between and among said respondents and others, in the importation, sale, and distribution of Mexican twine in commerce in the United States within the intent and meaning of Section 5 of the Federal Trade Commission Act, and have unreasonably restricted and restrained trade in commerce in the United States in such Mexican twine and constitute unfair acts and practices and unfair methods of competition in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

INITIAL DECISION BY ABNER E. LIPSCOMB, HEARING EXAMINER

On June 30, 1955, the Federal Trade Commission issued its complaint in this proceeding, charging the respondents with the use and performance of unfair acts and practices and unfair methods of competition in commerce, by cooperatively entering into, carrying out and performing an understanding, agreement, combination, conspiracy and planned common course of action between and among themselves and with the cooperation and assistance of the Mexican Association, with the tendency and effect of hindering and restricting competition between and among themselves and others in the importation, sale, and distribution of Mexican Twine in commerce in the United States, in violation of Section 5 of the Federal Trade Commission Act.

Thereafter, on December 20, 1955, all respondents herein, except respondent J. C. Shuford, who was named in the complaint individually and doing business under the trade name of J. C. Shuford Company, who is now deceased, wherefore, as to him, the complaint herein will be dismissed; and respondent Paulsen-Webber Cordage Corporation, a corporation, and respondent Elwood Long (erroneously named in the complaint as Edward Long), individually and doing business under the trade name of Mid-West Cordage Company, against both of whom this proceeding will continue; entered into an agreement with counsel supporting the complaint, and, pursuant thereto, submitted to the hearing examiner a Form of Proposed Agreement Containing Consent Order to Cease and Desist, disposing of all the issues involved in this proceeding as to the seventeen respondents signatory thereto.

Corporate respondents are identified in the agreement as follows:

Cordage Importers Association, Inc., a New York corporation with its principal office and place of business located at 55 West 42nd Street, New York 36, New York;

General Twine Corporation, a New York corporation with its principal office and place of business located at 55 West 42nd Street, New York 36, New York;

Independent Cordage Company, a New York corporation with its principal office and place of business located at 399 Washington Street, New York 13, New York;

Independent Twine & Yarn Company, Inc., a Delaware corporation with its principal office and place of business located at 517 Arch Street, Philadelphia 6, Pennsylvania; and

A. A. Krejtman, Inc., a New York corporation with its principal office and place of business located at 38 Pearl Street, New York, New York;

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and individual respondents are identified therein as follows:

Daniel Kelminson, individually and as President and as a member of the Board of Directors of Corporate Respondent Cordage Importers Association, Inc., his office and principal place of business being located in care of General Twine Corporation, 55 West 42nd Street, New York, New York;

J. Howard Bancroft, individually and as Vice President and Secretary, and as a member of the Board of Directors of Corporate Respondent Cordage Importers Association, Inc., his office and principal place of business being located at 517 Arch Street, Philadelphia, Pennsylvania;

Milton L. Mintzer, individually and doing business under the trade name of Milton L. Mintzer Company, as a member of Corporate Respondent Cordage Importers Association, Inc., and as Treasurer and member of the Board of Directors thereof, with his office and principal place of business located at 75 Maiden Lane, New York, New York;

Howard Duizend, individually and doing business under the trade name of Atlas Cordage Company and as a member of Corporate Respondent Cordage Importers Association, Inc., with his office and principal place of business located at 219 East North Water Street, Chicago, Illinois (Respondent Duizend was also named in the complaint in this proceeding as a member of the Board of Directors of Corporate Respondent Cordage Importers Association, Inc., but in fact does not hold such a directorship);

G. C. Pierson, individually and doing business under the trade name of Davis Cordage Company, as a member of Corporate Respondent Cordage Importers Association, Inc., and a member of the Board of Directors thereof, with his office and principal place of business located at 1709 North Spring Street, Los Angeles, California;

Adolph A. Krejtman, individually and as a member of the Board of Directors of Corporate Respondent Cordage Importers Association, Inc., with his office and principal place of business located at 38 Pearl Street, New York, New York;

Robert M. Stone (erroneously designated in the complaint as Robert H. Stone), individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as a member of Corporate Respondent Cordage Importers Association, Inc., and as a member of the Board of Directors thereof, with his office and principal place of business in care of Bob Stone Cordage Company, Chariton, Iowa;

Carl L. Ruch, individually, with his office and principal place of business located at 730 Gravier Street, New Orleans, Louisiana (this respondent was alleged in the complaint to be doing business under the trade name "Cord-Tex Company," when, in fact, at the time the acts complained of took place, this respondent was merely an employee of Cord-Tex Company);

Fred L. V. Schoenfeld, individually, with his office and principal place of business located at 1201 Commerce Street, Houston, Texas (this respondent was named in the complaint both individually and as doing business under the trade name "Schoenfeld Mills Agency," but, subsequent to the filing of the complaint, went bankrupt and is no longer doing business under that name);

Daniel H. Shield, individually and doing business under the trade name of Daniel H. Shield Cordage Company, with his office and principal place of business located at 130 North Wells Street, Chicago, Illinois;

Harold H. Short, individually and doing business under the trade name of Allied Cordage Company, with his office and principal place of business located at 120 South Calvert Street, Baltimore, Maryland; and

Keith E. Stone, individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, with his office and principal place of business in care of Bob Stone Cordage Company, Chariton, Iowa.

Respondents admit all of the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations.

All corporate and individual respondents named herein, in their various capacities herein described, waive any further procedure before the hearing examiner and the Commission; the making of findings of fact or conclusions of law; and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement. All parties agree that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and the agreement, and that the agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

The agreement sets forth that the order to cease and desist contained therein shall have the same force and effect as if entered after a full hearing, and may be altered, modified or set aside in the man-

ner provided for other orders; and that the complaint herein may be used in construing the terms of the order.

After consideration of the charges set forth in the complaint and the provisions of the proposed order contained in the agreement, insofar as they relate to the seventeen respondents signatory thereto, it appears that such order will safeguard the public interest, with regard to the practices of these seventeen respondents, 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 agreement. Accordingly, in consonance with the terms of the aforesaid agreement, the hearing examiner accepts the Form of Proposed Agreement Containing Consent Order to Cease and Desist and finds that the Commission has jurisdiction over the respondents signatory thereto and over their acts and practices as alleged in the complaint, and that this proceeding is in the public interest. Therefore,

It is ordered, That respondents Cordage Importers Association, Inc., a corporation; Daniel Kelminson, individually and as President and as a member of the Board of Directors of Cordage Importers Association, Inc.; J. Howard Bancroft, individually and as Vice President and Secretary, and as a member of the Board of Directors of Cordage Importers Association, Inc.; Milton L. Mintzer, individually and doing business under the trade name of Milton L. Mintzer Company, as a member of Cordage Importers Association, Inc., and as Treasurer and as a member of the Board of Directors of Cordage Importers Association, Inc.; Howard Duizend, individually and doing business under the trade name of Atlas Cordage Company and as a member of Cordage Importers Association, Inc.; G. C. Pierson, individually and doing business under the trade name of Davis Cordage Company, as a member of Cordage Importers Association, Inc., and as a member of the Board of Directors of Cordage Importers Association, Inc.; Adolph A. Krejtman, individually and as a member of the Board of Directors of Cordage Importers Association, Inc.; Robert M. Stone, individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as a member of Cordage Importers Association, Inc., and as a member of the Board of Directors of Cordage Importers Association, Inc.; and General Twine Corporation, a corporation, Independent Cordage Company, a corporation, Independent Twine & Yarn Company, Inc., a corporation, A. A. Krejtman, Inc., a corporation, Carl L. Ruch, individually, Fred L. V. Schoenfeld, individually, Daniel H. Shield, individually and doing business under the trade name of Daniel H. Shield Cordage Company, Harold H. Short, individually and doing business under

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the trade name of Allied Cordage Company, and Keith E. Stone, individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as members of Cordage Importers Association, Inc., their respective officers, directors, agents, representatives and employees, together with the successors or assigns of such respondents, directly or through any corporate or other device, in connection with the purchase, offering for sale, sale, or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of agricultural baler and binder twine, commercial wrapping twine, also called "ply" twine, and rope manufactured in Mexico, all of which are hereinafter referred to as "Mexican Twine," do forthwith cease and desist from entering into, continuing, cooperating in or carrying out any planned common and concerted course of action, understanding or agreement between any two or more of said respondents, or between any one or more of said respondents and others not parties hereto, to do or perform any of the following acts:

1. Fixing, establishing, maintaining, or adhering to, or attempting to fix, establish, maintain, or cause adherence to, by any means or method, any prices, terms or conditions for the purchase, sale or resale of Mexican twine in the United States;

2. Establishing or maintaining, or attempting to establish or maintain, any classifications or uniform designations of customers or purchasers for sale or resale of Mexican twine, for the purpose or with the effect of fixing or maintaining any purchase, sale or resale prices of such twine;

3. Preventing, restricting, or attempting to prevent or restrict, by any means or method, the sale of Mexican twine to cooperatives;

4. Fixing, establishing, maintaining, or adhering to, or attempting to fix, establish, maintain or cause adherence to, by any means or method, uniform charges or assessments for freight for the transportation of Mexican twine;

5. Enforcing or attempting to enforce compliance with, or adherence to, any resale prices or conditions for resale of Mexican twine in the United States, by the discontinuance, or threats of discontinuance, of sales to any importer of Mexican twine, who fails, or refuses, to comply with any such prices or conditions for resale, or by any other means or method of enforcement of compliance with, or adherence to, any such resale prices or conditions for resale;

6. Causing, directly or indirectly, or attempting to cause, directly or indirectly, by any means or method, the cancellation, or suspension, of orders for, or the discontinuance of sources of supply of, Mexican twine to any purchaser or prospective purchaser of same.

DECISION OF THE COMMISSION AND ORDER TO FILE
REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 6th day of March, 1956, become the decision of the Commission; and, accordingly:

It is ordered, That Respondents Cordage Importers Association, Inc., a corporation; Daniel Kelminson, individually and as President and as a member of the Board of Directors of Cordage Importers Association, Inc.; J. Howard Bancroft, individually and as Vice President and Secretary, and as a member of the Board of Directors of Cordage Importers Association, Inc.; Milton L. Mintzer, individually and doing business under the trade name of Milton L. Mintzer Company, as a member of Cordage Importers Association, Inc., and as Treasurer and as a member of the Board of Directors of Cordage Importers Association, Inc.; Howard Duizend, individually and doing business under the trade name of Atlas Cordage Company and as a member of Cordage Importers Association, Inc.; G. C. Pierson, individually and doing business under the trade name of Davis Cordage Company, as a member of Cordage Importers Association, Inc., and as a member of the Board of Directors of Cordage Importers Association, Inc.; Adolph A. Krejtman, individually and as a member of the Board of Directors of Cordage Importers Association, Inc.; Robert M. Stone, individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as a member of Cordage Importers Association, Inc., and as a member of the Board of Directors of Cordage Importers Association, Inc.; and General Twine Corporation, a corporation, Independent Cordage Company, a corporation, Independent Twine & Yarn Company, Inc., a corporation, A. A. Krejtman, Inc., a corporation, Carl L. Ruch, individually, Fred L. V. Schoenfeld, individually, Daniel H. Shield, individually and doing business under the trade name of Daniel H. Shield Cordage Company, Harold H. Short, individually and doing business under the trade name of Allied Cordage Company, and Keith E. Stone, individually and as a copartner in the partnership doing business under the trade name of Bob Stone Cordage Company, as members of Cordage Importers Association, Inc., 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.

INITIAL DECISION AS TO RESPONDENTS PAULSEN-WEBBER CORDAGE
CORPORATION, ELWOOD LONG AND J. C. SHUFORD
BY ABNER E. LIPSCOMB, HEARING EXAMINER

On June 30, 1955, the Federal Trade Commission issued its complaint in this proceeding, charging Respondents with unfair acts and practices and unfair methods of competition in commerce, by cooperatively entering into, carrying out and performing an understanding, agreement, combination, conspiracy and planned common course of action between and among themselves and with the cooperation and assistance of the Mexican Association, with the tendency and effect of hindering and restricting competition between and among themselves and with others in the importation, sale, and distribution of Mexican Twine in commerce in the United States, in violation of Section 5 of the Federal Trade Commission Act.

Thereafter, on December 20, 1955, all Respondents herein except Respondent J. C. Shuford, who was named in the complaint individually and doing business under the trade name of J. C. Shuford Company; Respondent Paulsen-Webber Cordage Corporation, a corporation; and Respondent Elwood Long (erroneously named in the complaint as Edward Long, individually and doing business under the trade name of Mid-West Cordage Company) entered into an agreement with counsel supporting the complaint, and, pursuant thereto, submitted to the Hearing Examiner a Form of Proposed Agreement Containing Consent Order to Cease and Desist, on the basis of which an initial decision as to the seventeen Respondents signing such agreement was issued on January 13, 1956.

Subsequently, on February 1, 1956, Respondent Elwood Long, individually and as president of Fayette Livestock Auction Corporation, doing business as Midwest Cordage Company (erroneously named in the complaint herein as Edward Long, individually and doing business under the trade name of Mid-West Cordage Company), together with his attorney, entered into an agreement with counsel supporting the complaint, and, pursuant thereto, submitted to the Hearing Examiner a proposed Agreement Containing Consent Order to Cease and Desist, disposing of all the issues involved in this proceeding as to said Respondent.

Respondent Elwood Long is identified in the agreement as an individual and as president and operating head of Fayette Livestock Auction, Inc., a corporation, doing business under the trade name of Midwest Cordage Company, with his principal office and place of business located at Fayette, Missouri.

Respondent Long admits all of the jurisdictional facts alleged in the complaint and agrees that the record may be taken as if findings

of jurisdictional facts had been duly made in accordance with such allegations.

Respondent Long waives any further procedure before the Hearing Examiner and the Commission; the making of findings of fact or conclusions of law; and all of the rights he may have to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement. Respondent Long, his attorney and counsel supporting the complaint agree that the answer to the complaint herein previously submitted by Respondent Long shall be considered as having been withdrawn, and for all legal purposes said answer shall hereafter be regarded as withdrawn; that the record on which the initial decision and the decision of the Commission as to Respondent Long shall be based shall consist solely of the complaint and the agreement; and that the agreement is for settlement purposes only and does not constitute an admission by Respondent Long that he has violated the law as alleged in the complaint.

The agreement sets forth that the order to cease and desist contained therein shall have the same force and effect as if entered after a full hearing, and may be altered, modified or set aside in the manner provided for other orders; and that the complaint herein may be used in construing the terms of the order.

After consideration of the charges set forth in the complaint, insofar as they relate to Respondent Long, and the provisions of the proposed order contained in the agreement, it appears that such order will safeguard the public interest, with regard to the practices of this Respondent, 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 agreement. Accordingly, in consonance with the terms of said agreement, the Hearing Examiner accepts the proposed Agreement Containing Consent Order to Cease and Desist Against Elwood Long, Individually and as President of Fayette Livestock Auction, Inc. Doing Business as Midwest Cordage Company, and finds that the Commission has jurisdiction over this Respondent and over his acts and practices as alleged in the complaint, and that this proceeding, as to him, is in the public interest.

On February 14, 1956, at a formal conference held in this proceeding in Washington, D. C., counsel supporting the complaint submitted a motion in which counsel for Respondent Paulsen-Webber Cordage Corporation joined, requesting that the complaint herein be dismissed as to that Respondent, and presented in support of said motion three letters, two of which, designated Commission's Exhibits 1-A, B and 2, are from Harry K. Nadell, counsel herein for Re-

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spondent Cordage Importers Association, Inc., to Fletcher G. Cohn, counsel supporting the complaint. These letters show that Respondent Paulsen-Webber Cordage Corporation had refused to participate with the other Respondents in this proceeding in any discussion regarding selling prices or pricing policies, and that Respondent Paulsen-Webber's interest in Respondent Cordage Importers Association, Inc. was only to standardize the quality of the products imported from Mexico, and to obtain fair and uniform treatment under Tariff regulations and before Customs officials. A third document, designated Commission's Exhibit 3, is a statement by Daniel Kelminson, president of Respondents General Twine Corporation and Cordage Importers Association, Inc., to the effect that he approves the contents of the letter designated Commission's Exhibit 1-A, B. Counsel supporting the complaint, in referring to this statement, said that Mr. Kelminson would be his principal witness against Respondent Paulsen-Webber Cordage Corporation in the event this proceeding came to trial as to that Respondent. Counsel supporting the complaint further asserted that in view of the facts revealed in those three documents, he believes that it would be practically impossible to prove the allegations of the complaint as to Respondent Paulsen-Webber Cordage Corporation. He also stated, in substance, that the force and effect of the orders to cease and desist issued against other Respondents in this proceeding would not be lessened by the dismissal of the complaint herein as to Respondent Paulsen-Webber Cordage Corporation.

In the light of the evidence and the statements of counsel supporting the complaint, it appears that the joint motion to dismiss the complaint herein as to Respondent Paulsen-Webber Cordage Corporation should be granted.

Counsel supporting the complaint also moved that the complaint herein be dismissed as to Respondent J. C. Shuford, individually and doing business under the trade name of J. C. Shuford Company, for the reason that this Respondent is now deceased, which motion will, of course, be granted. Accordingly,

It is ordered, That Respondent Elwood Long, individually, and as president of Fayette Livestock Auction, Inc., a corporation, doing business as Midwest Cordage Company (erroneously named in the complaint as "Edward Long, individually and doing business under the trade name of Mid-West Cordage Company"), his agents, representatives and employees, directly or through any corporate or other device, in connection with the purchase, offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of agricultural baler and binder twine, com-

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mercial wrapping twine, also called "ply" twine, and rope manufactured in Mexico, all of which are hereinafter referred to as "Mexican twine," do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out any planned common and concerted course of action, understanding or agreement with any one or more of the Respondents named in any other order or orders to cease and desist issued by the Commission against any of the other Respondents named in the complaint herein, or between him and others not parties to any such other order or orders to cease and desist issued by the Commission in this case, to do or perform any of the following acts:

1. Fixing, establishing, maintaining, or adhering to, or attempting to fix, establish, maintain, or cause adherence to, by any means or method, any prices, terms or conditions for the purchase, sale or resale of Mexican twine in the United States;
2. Establishing, or maintaining, or attempting to establish or maintain, any classifications or uniform designations of customers or purchasers for sale or resale of Mexican twine, for the purpose or with the effect of fixing or maintaining any purchase, sale or resale prices of such twine;
3. Preventing, restricting, or attempting to prevent or restrict, by any means or method, the sale of Mexican twine to cooperatives;
4. Fixing, establishing, maintaining, or adhering to, or attempting to fix, establish, maintain or cause adherence to, by any means or method, uniform charges or assessments for freight for the transportation of Mexican twine;
5. Enforcing, or attempting to enforce, compliance with, or adherence to, any resale prices or conditions for resale of Mexican twine in the United States, by the discontinuance, or threats of discontinuance, of sales to any importer of Mexican twine, who fails, or refuses, to comply with any such prices or conditions for resale, or by any other means or method of enforcement, of compliance with, or adherence to, any such resale prices or conditions for resale;
6. Causing, directly or indirectly, or attempting to cause, directly or indirectly, by any means or method, the cancellation, or suspension, of orders for, or the discontinuance of sources of supply of, Mexican twine to any purchaser or prospective purchaser of same.

It is further ordered, That the complaint herein, insofar as it relates to Respondent Paulsen-Webber Cordage Corporation, a corporation, be, and the same hereby is, dismissed.

It is further ordered, That the complaint herein, insofar as it relates to Respondent the late J. C. Shuford, individually and doing business under the trade name of J. C. Shuford Company, be, and the same hereby is, dismissed.

Decision

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DECISION OF THE COMMISSION AND ORDER TO FILE
REPORT OF COMPLIANCE

The Commission having considered the initial decision of the hearing examiner filed February 16, 1956, in which decision the examiner accepted a proposed agreement containing a consent order against Elwood Long, individually and as president of Fayette Livestock Auction, Inc., a corporation, and issued his order to cease and desist in conformity with said agreement; and

It appearing that said initial decision contains two typographical errors which should be corrected:

It is ordered, That this case be, and it hereby is, placed on the Commission's own docket for review.

It is further ordered, That the date "February 14, 1965" at the beginning of the ninth paragraph of the initial decision be changed to "February 14, 1956," and that the word "does" immediately following the words "Mexican twine" in the twelfth paragraph of said decision be changed to "do."

It is further ordered, That the initial decision as so modified shall, on the 31st day of March, 1956, become the decision of the Commission.

It is further ordered, That respondent Elwood Long, individually and as president of Fayette Livestock Auction, Inc., a corporation, shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

Complaint

IN THE MATTER OF

STERLING MATERIALS COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT*Docket 6426. Complaint, Oct. 4, 1955—Decision, Mar. 6, 1956*

Consent order requiring three associated New York paint firms to cease making false representations, with respect to exclusive sales territory and sales and promotional assistance; through their salesmen whom they trained to recruit "Franchise Dealers"; and representing falsely in advertising in newspapers and periodicals, and in circulars and other literature furnished to dealers, that they had been selling their paint products for 30 to 35 years, and that many well-known manufacturers, industrial firms, railroads, and agencies of the U. S. Government had used and approved them.

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

Mr. Terral A. Jordan for the Commission.

Mr. S. Michael Ress, 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 Sterling Materials, Inc., a corporation; David Jacobs and Jacob Nadler, individually and as officers of Sterling Materials Company, Inc.; Carbozite Protective Coatings, Inc., a corporation; Sidney Jacobs and Jacob Nadler, individually and as officers of Carbozite Protective Coatings, Inc.; Ohmlac Paint and Refining Co., Inc., a corporation, and Charles A. Jacobs and Lillian Nathan, individually and as officers of Ohmlac Paint and Refining Co., Inc.; all hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Sterling Materials Company, Inc., is a corporation organized and existing under and by virtue of the laws of the State of New York, with its offices and principal place of business at 1860 Broadway, New York 23, New York. Respondents David Jacobs and Jacob Nadler are president-treasurer and secretary, respectively, of said corporate respondent, Sterling Materials Company, Inc., and these individuals acting in cooperation with each other, formulate, direct and control the acts, policies