

IN THE MATTER OF
CHUN KING SALES, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC.
2 (D) OF THE CLAYTON ACT

Docket 8093. Complaint, Aug. 24, 1960—Decision, Jan. 12, 1961

Consent order requiring a Duluth, Minn., manufacturer of American and Oriental food products, to cease violating Sec. 2(d) of the Clayton Act by making payments for advertising or other services in connection with the sale of its products to some customers but not on proportionally equal terms to their competitors, such as an allowance of \$450 made to the Brenner Tea Company, a retail grocery chain with headquarters in Burlington, Iowa.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondent named in the caption hereof, and hereinafter more particularly designated and described, has violated and is now violating the provisions of subsection (d) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C. Title 15, Section 13), hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent Chun King Sales, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota, with its office and principal

place of business located at 200 North 50th Avenue West, Duluth, Minnesota.

PAR. 2. Respondent is now and has been engaged in the manufacture, sale and distribution of food products, both American and Oriental. Respondent sells its products to wholesalers and retailers, including retail chain store organizations. Respondent's sales of its products are substantial, exceeding \$12,000,000 annually.

PAR. 3. Respondent sells and causes its products to be transported from its principal place of business in the State of Minnesota to customers located in other States of the United States. There has been at all times mentioned herein a continuous course of trade in said products in commerce, as "commerce" is defined in the Clayton Act, as amended.

PAR. 4. In the course and conduct of its business in commerce, and particularly since 1958, respondent paid or contracted for the payment of something of value to or for the benefit of some of its customers as compensation or in consideration for services or facilities furnished by or through such customers in connection with their offering for sale or sale of products sold to them by respondent, and such payments were not made available on proportionally equal terms to all other customers competing in the sale and distribution of respondent's products.

PAR. 5. For example, in the year 1959, respondent contracted to pay and did pay to Benner Tea Company, a retail grocery chain with headquarters in Burlington, Iowa, the amount of \$450.00 as compensation or as an allowance for advertising or other services or facilities furnished by or through Benner Tea Company in connection with its offering for sale or sale of products sold to it by respondent. Such compensation or allowance was not made available on proportionally equal terms to all other customers competing with Benner Tea Company in the sale and distribution of products of like grade and quality purchased from respondent.

PAR. 6. The acts and practices of respondent, as alleged, are in violation of subsection (d) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act.

Mr. John Perechinsky for the Commission.

Mr. John D. Jenswold, of Duluth, Minn., for respondent.

INITIAL DECISION BY LOREN H. LAUGHLIN, HEARING EXAMINER

The Federal Trade Commission (sometimes also hereinafter referred to as the Commission) on August 24, 1960, issued its complaint herein, charging the respondent, The Chun King Corporation (named in the complaint and formerly known as Chun King

Sales, Inc.)¹ with having violated the provisions of §2(d) of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C. Title 15, §13), and respondent was duly served with process.

On November 18, 1960, there was submitted to the undersigned hearing examiner of the Commission for his consideration and approval an "Agreement Containing Consent Order To Cease and Desist", which had been entered into by and between respondent, its counsel, and counsel supporting the complaint, under date of October 24, 1960, subject to the approval of the Bureau of Litigation of the Commission, which had subsequently duly approved the same.

On due consideration of such agreement, the hearing examiner finds that said agreement, both in form and in content, is in accord with §3.25 of the Commission's Rules of Practice for Adjudicative Proceedings, and that by said agreement the parties have specifically agreed to the following matters:

1. Respondent The Chun King Corporation (named in the complaint and formerly known as Chun King Sales, Inc.) is a corporation existing and doing business under and by virtue of the laws of the State of Minnesota, with its office and principal place of business located at 200 North 50th Avenue West, Duluth, Minnesota.
2. Respondent admits all 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.
3. This agreement disposes of all of this proceeding as to all parties.
4. Respondent waives:
 - a. Any further procedural steps before the hearing examiner and the Commission;
 - b. The making of findings of fact or conclusions of law; and
 - c. All of the rights it may have to challenge or contest the validity of the order to cease and desist entered in accordance with this agreement.
5. The record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement.
6. This agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission.

¹ The complaint was amended on motion of counsel supporting the complaint to accord to the true name of the respondent corporation, both as to caption and in Paragraph ONE. The caption, however, has not been physically changed in accordance with the Commission's practice in such regard.

7. This agreement is for settlement purposes only and does not constitute an admission by respondent that it has violated the law as alleged in the complaint.

8. The following order to cease and desist may be entered in this proceeding by the Commission without further notice to respondent. When so entered it shall have the same force and effect as if entered after a full hearing. It may be altered, modified or set aside in the manner provided for other orders. The complaint may be used in construing the terms of the order.

Upon due consideration of the complaint filed herein and the said "Agreement Containing Consent Order To Cease And Desist", the latter is hereby approved, accepted and ordered filed. The hearing examiner finds from the complaint and the said "Agreement Containing Consent Order To Cease And Desist" that the Commission has jurisdiction of the subject-matter of this proceeding and of the respondent herein; that the complaint states a legal cause for complaint under the Clayton Act, as amended by the Robinson-Patman Act, against the respondent, both generally and in each of the particulars alleged therein; that this proceeding is in the interest of the public; that the following order as proposed in said agreement is appropriate for the just disposition of all of the issues in this proceeding as to all of the parties hereto; and that said order therefore should be, and hereby is, entered as follows:

It is ordered, That respondent The Chun King Corporation (named in the complaint and formerly known as Chun King Sales, Inc.), a corporation, and its officers, employees, agents and representatives, directly or through any corporate or other device, in or in connection with the offering for sale, sale or distribution of any of its products in commerce, as "commerce" is defined in the Clayton Act, as amended, do forthwith cease and desist from:

Paying or contracting for the payment of anything of value to, or for the benefit of, any customer of respondent as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the offering for sale, sale or distribution of respondent's products, unless such payment or consideration is made available on proportionally equal terms to all other customers competing in the distribution of such products.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rule of Practice, the initial decision of the hearing examiner shall, on the 12th day of January, 1961, become the decision of the Commission; and, accordingly:

WELLS ELECTRONICS CO., INC., ET AL.

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