

ANNUAL REPORT
OF THE
FEDERAL
TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30
1944

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

FEDERAL TRADE COMMISSION

ROBERT E. FREER, *Chairman* 1
GARLAND S. FERGUSON
CHARLES H. MARCH
EWIN L. DAVIS
WILLIAM A. AYRES
OTIS B. JOHNSON, *Secretary*

FEDERAL TRADE COMMISSIONERS--1915-44

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar. 16, 1915-Mar. 18, 1918.
Edward N. Hurley	Illinois	Mar. 16, 1915-Jan. 31, 1917.
William J. Harris	Georgia	Mar. 16, 1915-May 31, 1918.
Will H. Parry	Washington	Mar. 16, 1915-Apr. 21, 1917.
George Rubies	New Hampshire	Mar. 16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar. 16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917-Nov. 30, 1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Huston Thompson	Colorado	Jan. 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1, 1920-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1920-Sept. 25, 1921.
John F. Nugent	Idaho	Jan. 15, 1921-Sept. 25, 1927.
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31, 1926.
Charles W. Hunt	Iowa	June 16, 1924-Sept. 25, 1932.
William E. Humphrey	Washington	Feb. 25, 1925-Oct. 7, 1933.
Abram F. Myers	Iowa	Aug. 2, 1926-Jan. 15, 1929.
Edgar A. McCulloch	Arkansas	Feb. 11, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov. 14, 1927.
Charles H. March	Minnesota	Feb. 1, 1929.
Ewin L. Davis	Tennessee	May 26, 1933.
Raymond B. Stevens	New Hampshire	June 26, 1933-Sept. 25, 1933.
James M. Landis	Massachusetts	Oct. 10, 1933-June 30, 1934.
George C. Mathews	Wisconsin	Oct. 27, 1933-June 30, 1934.
William A. Ayres	Kansas	Aug. 23, 1934.
Robert E. Freer	Ohio	Aug. 27, 1935.

EXECUTIVE OFFICES OF THE COMMISSION

Pennsylvania Avenue at Sixth Street, Washington 25, D. C.

BRANCH OFFICES

45 Broadway, New York 6

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LETTER OF SUBMITTAL

To the Congress of the United States:

I have the honor to submit herewith the Thirtieth Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1944. A limited number of copies of the report is being printed by the Federal Trade Commission.

By direction of the Commission:

ROBERT E. FREER, *Chairman.*

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**ANNUAL REPORT
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INTRODUCTION

DUTIES OF THE COMMISSION

The Federal Trade Commission herewith submits its report for the fiscal year July 1, 1943, to June 30, 1944.

The Commission is an administrative agency of the Federal Government. It was organized March 16, 1915, under the Federal Trade Commission Act, which was approved September 26, 1914, and amended March 21, 1938.

The duties of the Commission fall into two categories: (1) Legal activities in the enforcement of the laws it administers and (2) general investigations of economic conditions in interstate and foreign commerce.

In addition to discharging these duties the Commission during the fiscal year

any corporation engaged in commerce, excepting banks and common carriers * * *, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers * * * to file with the Commission in such form as the Commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the Commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. * * *

(d) Upon the direction of the President or either House of Congress¹ to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

SUMMARY OF LEGAL ACTIVITIES

During the fiscal year the Commission issued 195 formal complaints alleging violations of the laws it administers; entered 124 orders directing respondents to cease and desist from such violations; and accepted 303 stipulations to discontinue unlawful practices, 113 pertaining especially to radio and periodical advertising.

Thirty-seven cases were decided in favor of the Commission in United States courts, 31 by circuit courts of appeals and 6 by district courts. The total includes 25 cases in which Commission orders to cease and desist were affirmed by circuit courts of appeals, 3 with modifications. No orders were set aside.

In the Supreme Court four petitions for certiorari sought by respondents were denied.

District courts in five cases entered civil penalty judgments totaling \$22,750 against respondents who had violated cease-and-desist orders after they had become final.

Fifty petitions for review of Commission cease-and-desist orders were filed by respondents in circuit courts of appeals.

Approximately 150 industries operate under trade practice rules approved by the Commission. During the year final rules were promulgated for the catalog jewelry and giftware industry and the musical instrument and accessories industry and trade practice conferences were held or authorized for others. All rules are administered in line with the war effort.

The Wool Products Labeling Act was given wide application during the year. Field inspections were made of more than 4 1/2 million wool products subject to the labeling provisions of the act and covered the labeling practices of several thousand manufacturers, distributors, and other marketers. Compliance in cases of improper labeling was effected in most instances through cooperative action on the part of the concerns involved.

In May 1944 the Commission abolished its Export Trade Section and established an Export Trade Office. The reorganization was effected to facilitate administration of the Export Trade (Webb-Pomerene) Act and to meet current problems arising in connection with foreign trade reconstruction. In order to ascertain the value and effect of the

¹ The Independent Offices Appropriation Act for 1934 provided that future investigations by

the Commission for congress must be authorized by concurrent resolution of the two Houses. Under the appropriations act of 1945, funds appropriated for the Commission are not to be spent upon any investigation thereafter called for by Congressional concurrent resolution “until funds are appropriated subsequently to the enactment of such resolution to finance the cost of such investigation.”

THE COMMISSIONERS AND THEIR DUTIES

The Federal Trade

The legal work of the Commission is under the

Distribution Methods and Costs, Part I, Important Food Products, November 11, 1943; 223 pages; available from the Superintendent of Documents, Government Printing Office, at 30 cents a copy while the supply lasts.

Distribution Methods and Costs, Part III, Building Materials, Summary, February 19, 1944; 10 pages; available from the Federal Trade Commission without charge while the supply lasts.

Distribution Methods and Costs, Part III, Building Materials--Lumber, Paints and Varnishes, and Portland Cement, February 19, 1944; 50 pages; available from the Superintendent of Documents, Government Printing Office, at 10 cents a copy while the supply lasts.

Distribution Methods and Costs, Part IV, Petroleum Products, Automobiles, Tires, Electrical Household Appliances, and Agricultural Implements, Summary, March 2, 1944; 23 pages; available from the Federal Trade Commission without charge while the supply lasts.

The publications of the Commission reflect the character and scope of its work and vary in content and treatment from year to year. Important among them are those presenting fact-finding studies, reports and recommendations relating to general business and industrial inquiries. Illustrated by appropriate charts and tables, these books and pamphlets deal with current developments, possible abuses, and trends in an industry, and contain scientific and historical background of the subjects discussed. They have supplied the Congress, the Executive agencies of the Government, and the public with information not only of specific and general value but of especial value as respects the need or wisdom of new and important legislation, to which they have frequently led, as well as to corrective action by the Department of Justice and private interests affected. The Supreme Court has at times had recourse to them, and many have been designated for reading in connection with university and college courses in business administration, economics, and law.

The 36 published volumes of Federal Trade Commission Decisions contain (1) the findings of fact and orders to cease and desist issued by the Commission throughout the years; (2) the stipulations accepted by the Commission wherein respondents agree to cease and desist from unlawful practices; and (3) the decisions of the courts in Commission cases for the different periods covered by the different volumes. They constitute a permanent and authoritative record of the remedial measures taken by the Commission to stop violations of the laws it administers. The decisions establish for industry, business, and the individual the guideposts of fair competitive dealing. They also tell, case by case, the story of the multiplicity of unlawful practices which have been found to be detrimental to the public interest and of the accomplishments of the Commission in the prevention of such practices.

Decisions of the Federal courts reviewing Commission cases also from time to time are published in separate volumes. The trade practice rules, the regulations under the Wool Products Labeling Act, and the Rules of Practice before the Commission are published in pamphlet form.

RECOMMENDATION TO CONGRESS

A few months before the United States entered the war there was concluded the most

recent and authoritative as well as the most extensive and intensive survey of our economic system ever undertaken. The Temporary National Economic Committee created by joint reso-

lution of Congress for the purpose of that survey filed its final report in March 1941, after nearly 3 years of study and public hearings with sworn testimony

ducing such materials were complying with the rules and regulations governing priorities.

Through its Legal Investigation Division, the Commission completed 307 investigations for the War Production

Paint, varnish, and lacquer.--Eighty-six manufacturers of paint, varnish, and lacquer were investigated to determine whether they were in violation of Orders M-139M-150, M-159, M-246, and M-327 in their acquisition, use and sale of products containing phthalic alkyd resins; aromatic petroleum solvents; butyl alcohol and butyl acetate; phenolic resins, other than para-phenyl-phenol resins and phenolic resin compounds; and ethyl acetate and isopropyl acetate, all chemicals allocated by the War Production Board.

Fruit growers and shippers.--At the request of the War Production Board the Commission investigated certain California growers and shippers of grapes to determine the extent to which 12 shippers were complying with quota restrictions of W. P. B. Order L-232, as amended, governing the use of lugs (wooden shipping containers), and whether 7 growers, when changing shippers, reported actual shipments during the base year to the new shippers.

Insignia, manufacturers of.--Pursuant to War Production Board request, there is to be conducted an investigation of 38 insignia manufacturers to determine their degree of compliance with Orders M-199, L-131 and M-9-c. The time element precluded the taking up of this investigation before the close of the fiscal year.

Reports made to W. P. B.--Reports on each of the investigations completed were made directly by the Commission to the War Production Board. All these investigations were of a highly confidential nature for use by the Board in enforcing compliance with its orders and regulations and in further consideration of its policies relating to production for war purposes. Where deliberate and wilful violations were disclosed, the cases concerned were prepared for possible criminal prosecution .

The War Production Board has indicated that the Federal Trade Commission, in conducting investigations relating to war activities, is rendering highly beneficial service to the Board in its effort to achieve maximum production of war materials. It is the expressed intention of the Board to utilize this organization continuously in these activities and there is an informal agreement that the Commission will maintain an investigational staff of attorney-examiners to enable it to dispose of such investigational work as may be requested by the Board in order to effect compliance with its orders and regulations and to assure that production of war materials be maintained at the highest possible level.

Surveys undertaken for the Board (and its predecessor, the Office of Production Management) during and prior to the fiscal year ended June 30, 1944, are summarized in the following table :

Priority compliance surveys conducted for War Production Board

Date of request completion of survey	Industry surveyed	Number of companies surveyed	Date of completion of survey

Priority compliance surveys conducted for War Production Board--Continued

Date or request completion of survey	Industry surveyed	Number of companies surveyed	Date of survey
6-20-42	Aluminum, foundries using	940	9-17-42
8-7-42	Contractors, prime, forward buying practices of	38	9-9-42
8-20-42	Tin	381	12-17-42
10-21-42	Quinine, manufacturers and wholesalers of	348	12-18-42
12-3-42	Glycerin, users of	244	2-20-43
12-29-42	Capital equipment	42	5-22-43
3-8-43	Electric lamps, manufacturers of	160	5-21-43
4-5-43	Fuse manufacturers	19	5-12-43
5-11-43	Silverware manufacturers and silver suppliers	201	
Incomplete.			
5-19-43	Commercial cooking and food and plate warming equipment, manufacturers of	69	
Incomplete.			
		2,448	
5-11-43	Silverware manufacturers and silver suppliers	35	8-30-43
5-19-43	Commercial cooking and food and plate warming equipment, manufacturers of	2	8-12-43
7-20-43	Furnaces, hot air, household	53	8-24-43
7-28-43	Costume jewelry, manufacturers of	45	10-11-43
8-17-43	Antifreeze solutions, manufacturers of	7	9-16-43
9-2-43	Textile mills, cotton	60	10-23-43
11-22-43	Paint, varnish, and lacquer manufacturers	86	4-29-44
1-13-44	Fruit growers and shippers	19	3-24-44
5-30-44	Insignia, manufacturers of		Pending.
		307	
	Total number of companies surveyed	14,270	

¹ This total does not include subsidiary companies. If subsidiaries were included the total of companies actually surveyed would be larger than that shown in the table.

DISTRIBUTION METHODS AND COSTS

REPORTS TO CONGRESS PRESENT DATA ON MAJOR FACTORS AFFECTING DISTRIBUTION OF CONSUMER COMMODITIES

During the fiscal year the Commission published and ~~set forth in its report to Congress the following information:~~

Paints and Varnishes, and Portland Cement; and Part IV, Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements.

The inquiry on which the reports were based was undertaken by the Commission under authority conferred upon it by section 6 of the Federal Trade Commission Act. The resolution of the Commission authorizing the inquiry directed that a study be made of the methods and channels of distribution, costs of distribution, and practices, usages and trade barriers, laws, charges, rates, and

T h e

TABLE 1.--*Distribution costs for manufacturers, processors, wholesalers and retailers, by industry groups, in cents per dollar of sales*

Industry or trade	Period	Distribution cost per dollar of sales	
		Including transportation <i>Cents</i>	Excluding transportation <i>Cents</i>
Food processors:			
Cane sugar refiners	1939	4.53	3.87
Do	1940	4.56	3.03
Meat packers	1939	6.72	5.57
Evaporated milk	1940	7.13	
Butter	1940	8.28	
Bread bakeries, chain store	1941	12.18	
Do	1942 1	13.02	
Beet sugar	1940	12.95	6.20
Fruits and vegetables	1939	14.30	10.64
Cheese	1940	14.38	
Flour	1939	19.00	13.17
Fluid milk and cream	1940	26.82	
Bread bakeries, wholesale	1941	26.86	
Do	1942 1	22.41	
Coffee	1939	23.05	20.66
Ice cream	1940	24.23	
Biscuits and crackers	1939	34.66	29.72
Packaged cereals	1939	34.93	30. Tw (Di45 0 T Tw (3.0351Buil-

Farm implements	Manufacturer-retailer-farmer	52.03	33.00	14.97
House-to-house-bakeries	Baker-consumer	58.62	1 37.81	3.57
Lumber	Manufacturer-retailer-consumer	52.56	37.40	10.04
Rubber tires and tubes	Manufacturer-wholesaler-retailer -consumer	45.62	47.61	0.77
Electrical appliances	do	39.89	53.35	6.76

1 Administrative and general expenses divided equally between production and distribution.

This margin, incidentally, was the lowest added by chain stores for any of the products covered in the survey.

In general, items which were transported relatively short distances and on which chains added retail margins less than 30 cents

Average prices to consumers

9.27

8.55

One cause of reduction in the wheat farmer's proportion of the price

A study of the financial history and operations of the Potomac Electric Power Co. was made during the fiscal year in response to a

request of the Director of Procurement, United States Treasury Department. The study covered the period 1896-1943. The report was introduced into the record as an exhibit in the proceedings before the Public Utilities Commission of the District of Columbia, involving the company's electric rates.

The report indicated that the operations of Potomac Electric Power Co. have been profitable throughout its corporate history. The return to Washington Railway & Electric Co., the owner of all of the outstanding common stock of the Potomac Electric Power Co., averaged 15.7 percent on its common stock equity (par value of common stock plus reinvested earnings) in the company during the period under review. During the period 1903-24 prior to the inauguration on January 1, 1925, of the sliding-scale arrangement for fixing rates, the return on the common stock equity averaged 26.3 percent. For the period 1925-43, when the sliding-scale arrangement was in effect, the average return was 14.2 percent. The earnings from this investment have also been shared by the North American Co., which exercises control of Washington Railway & Electric Co. through ownership of 34.55 percent of the voting stock of the railway company.

Since the inauguration of the sliding scale, the revenue to Potomac Electric Power Co. from sale of electric energy increased over 200 percent, from \$7,024,014 in 1925 to \$22,396,048 in 1943. During this time the kilowatt-hours sold increased over 800 percent, from 172,-870,305 to 1,558,196,228; and the average selling price per kilowatt hour decreased from 4.06 cents in 1925 to 1.44 cents in 1943.

Cash dividends on common stock paid to Washington Railway & Electric Co. aggregated \$48,225,000, and Potomac Electric Power Co. increased its surplus by \$26,947,960 from January 1, 1925, to the end of 1943.

As a result of the hearings before the District of Columbia Public Utilities Commission, the sliding-scale arrangement was considerably modified and the company was directed to file new rate schedules to effect an estimated reduction of \$1,037, 189 for the current year.

OTHER WARTIME ACTIVITIES

Interdepartmental service.--For almost 40 years the Commission (and its predecessor, the Bureau of Corporations) has been collecting and maintaining a vast fund of information concerning the Nation's important industries. The Commission has been called upon to furnish to regular Government departments, and especially to the agencies created during the war emergency, an increasing amount of these data, and frequently it has been requested to) prepare special reports as the basis for the actions of the war agencies responsible for economic controls.

War-related advertising analyzed and reported.--The Commission during the fiscal year surveyed, analyzed, summarized, and periodically reported to the War Production Board at its request such advertising as appeared to contain any pertinent war-related references to war production, the general public health, morale, price rises or trends, rationing, priorities, textiles, upholstered furniture, furs, and other selected commodities; advertisements advising the public to "buy now" or containing

statements that materials are or will be scarce or that the quality of new materials or products offered for sale is

Membership wartime committees.--The Chairman of the Federal Trade Commission is ex officio a member of the Price Administration Committee of the Office of Price Administration and serves as the Commission's representative in its continuing relationships with the Office of Economic Warfare (now the Foreign Economic Administration), the Bureau of Industrial Conservation of the Office of Production Management (now the War Production Board), and the committee for the development and utilization of the country's present and future petroleum resources and facilities, of which the Petroleum Coordinator for National Defense is Chairman. During the

PART II. GENERAL LEGAL WORK

DESCRIPTION OF PROCEDURE

A case before the Federal Trade Commission may originate in any one of several ways. The most common origin is through complaint by a consumer, a competitor, or from public sources. The Commission itself may initiate an investigation to determine whether the laws administered by it are being violated.¹ No formality is required in making application for complaint. A letter setting forth the facts in detail is sufficient, but it should be accompanied by all evidence in possession of the complaining party in support of the charges made.

stipulation as to the facts and an agreement to cease and desist from the practices as set forth in the stipulation; or (3) issuance of formal complaint.

If the Commission decides that a formal complaint should issue, the case is referred to the Chief Counsel for preparation of the complaint and trial of the case. Should the Commission permit disposition by stipulation, the case is referred to the Chief Trial Examiner or to the Director of the Radio and Periodical Division.

prejudice.

directed to prevent adver-

tisers of food, drugs, devices, or cosmetics which may cause injury when used under prescribed or customary conditions, from

² Statistics hereinafter reported on pp.23 to 27 concerning the general legal investigation work are the records of the Legal Investigation Division and not the consolidated record of the Commission, and therefore do not coincide with the figures reported in the tabular summary of the legal work for the entire Commission appearing on pp. 52 and 53.

transmitted to the Commission for action, leaving 220 cases of this character pending for investigation at the close of the year

During the year, 334 further investigations were made, including inquiries into alleged violations of cease and desist orders and stipulations, investigations for the

civil penalties. Investigations of this nature are as extensive as those made in the original development of

been beneficial both in effecting the voluntary elimination of unlawful or

promulgated thereunder.

COMPLAINTS

Seventeen of the complaints issued under the Federal Trade Commission Act also alleged violation of the Wool Products Labeling Act of 1939.

I. COMPLAINTS UNDER THE FEDERAL TRADE COMMISSION ACT

A. COMBINATIONS TO FIX PRICES AND RESTRAIN TRADE

practices in the sale of photographic enlargements of pictures; oppressive and coercive methods by wholesalers to compel retail liquor dealers to purchase a stipulated quantity of wine in order to obtain whiskey; misrepresentations with respect to baby chicks and preparations advertised for the treatment of various diseases of poultry; misrepresentation of the effect of gasoline additives; misrepresentation as to men's clothing; and alleged slack filling of candy cartons.

II. COMPLAINTS INVOLVING THE WOOL PRODUCTS LABELING ACT

Seventeen complaints alleged that wool products sold by the respective respondents were misbranded in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in that they did not have labels attached disclosing the kinds and percentages of the different fibers of which the articles were made, including the respective percentages of wool, reprocessed wool, or reused wool, and the identity of the manufacturer or the distributor or reseller of the articles. (For details concerning

the Robinson-Patman Act, which prohibits the granting or acceptance of brokerage fees except for services rendered in connection with the interstate sale or purchase of merchandise.

Six of the complaints (5033, 5129, 5131, 5137, 5152, and 5164) involved seafood products two (5059 and 5130), other food products ; one (5087), glass and steel containers; and one (5151), hats.

C. ALLEGED VIOLATION OF SECTION 2 (d) OF CLAYTON ACT AS AMENDED BY

ROBINSON-PATMAN ACT

Under section 2 (d) of the act, two complaints were issued, one (5049) involving educational supplies and the other (5115), bakery products. In one complaint a manufacturer of crayon, chalk, and art materials was charged with granting discounts to favored customers in return for their furnishing promotional services and in the other a baking company was charged with granting advertising allowances to preferred customers. The promotional discounts or advertising allowances, the complaints alleged, were not made available on proportionally equal terms to other of the respondents' customers who were competing with the favored ones and able and willing to furnish the same services.

~~DI. ALLEGED VIOLATION OF SECTION 2 (d) OF CLAYTON ACT AS AMENDED BY ROBINSON-PATMAN ACT (advertising) Ti 49-08-0~~

in the sale and distribution of button and buckle moulds. The order prohibited the respondents from holding meetings for the purpose of agreeing upon prices to be charged, compiling or distributing lists showing prices or discounts cooperatively fixed or determined, executing or agreeing to execute indemnifying bonds to guarantee observance by the association members of any price-fixing agreement, or causing the books of any member to be examined for the purpose of ascertaining whether such member had adhered to the agreements (4726).

The Cement Institute, Chicago, and others.--The Cement Institute, an unincorporated trade association with a membership consisting of practically all important cement manufacturers in the United States, and its officers, board of trustees, and 75 member corporations who produce and distribute more than three-fourths of the Portland cement manufactured in the United States, were ordered to cease and desist from engaging in or continuing any combination or conspiracy to sell cement at identical delivered prices arrived at by use of their multiple basing-point system (3167). (For that portion of the order which prohibits price discriminations in violation of the Robinson-Patman Act, see, p.35.)

The Milk & Ice Cream Can Institute, Cleveland, Ohio.--The institute and its eight member manufacturers were ordered to cease and desist from entering into, carrying out, or continuing any combination or conspiracy to fix uniform prices and restrain competition in the sale of metal milk cans and ice cream cans (1551) (100-68111-3-5632) (Dj-01729)

Manufacturers of formal evening dresses, all

associations,

Rigid Steel Conduit Association and National Electrical Wholesalers Association, both of New York City. They were specifically ordered to cease and desist from entering into, continuing or carrying out any combination, conspiracy or planned common course of action to determine or fix price quotations on rigid steel conduit through use of a Pittsburgh plus and a Chicago plus price-quoting system, whereby they exactly matched their delivered-price quotations to any given purchaser at any given destination in the United States. The order also was directed against an organization engaged in managing the affairs of trade associations, including the respondent Rigid Steel Conduit Association, and against an individual who was found to have furnished the respondent manufacturers and sellers with freight rate bulletins which were used as a common factor in pricing conduit according to a basing-point formula.

In addition, 15 respondent sellers of conduit were ordered to cease and desist from individually using a basing-point system of Pittsburgh plus and Chicago plus for quoting delivered prices to purchasers, when done in the knowledge that each of the others was using the system for the purpose or with the effect of systematically matching delivered-price quotations of other sellers, and when done with the result of systematically discriminating against customers located near shipping points in favor of customers more distantly located (4452).

C. FALSE ADVERTISING OF DRUGS, DEVICES, AND COSMETICS

McFadden 3 Sisters Springs, Hot Springs National Park, Ark.--The respondents were ordered to cease and desist from disseminating any advertisement representing that "McFadden 3 Sisters Springs mineral water flushes out accumulated poisons from the system, eliminates excess acid from the kidneys and bladder Or constitutes an effective treatment for the numerous diseases and conditions set out in the order (4940).

Brooks Appliance Co., and others, Marshall, Mich.--The corporate respondent and its officers were directed to cease disseminating advertisements of their truss device which the Commission found to be misleading and deceptive. Among the representations prohibited were those which claimed that use of the device would cure hernia and eliminate the possibility of a strangulated hernia, and that the device will not slip out of place and will assure the cessation of discomfort and worry in all cases (5072).

Helena Volay Cosmetics, Needles, Calif., and others.--The order prohibited the dissemination of advertisements which represented falsely that the cosmetic preparation designated "Helena Volay Face Oil" significantly improves the skin, causes it to become firmer and imparts to it a more youthful appearance, or that it is an effective treatment for, or will prevent the formation of, wrinkles and sagging tissues. The order was directed against the seller of the preparation and Chicago Union Advertising Agency, Inc., Chicago, which prepared and disseminated the advertisements the Commission found objectionable (4967).

Von Drug Co., Miami Beach, Fla., and others.--The corporate respondent and a number of affiliated individuals and organizations were ordered to cease disseminating advertisements which represented

that "Von Pink Tablets" constitutes an effective treatment for stomach ulcers, will prevent the formation of stomach ulcers or restore the stomach content to a more correct chemical balance (4704).

Gold Medal Harlem Oil Co., and others, Jersey City, N. J.--In connection with the advertising and sale of a medicinal preparation designated "Gold Medal Harlem Oil," the respondents were prohibited from representing that the product is harmless; that it will flush excess waste matters from the kidneys or keep the blood free from waste matter, poisons, or acids; that it is an effective treatment for weak kidneys, will restore the kidneys or bladder to a state of healthy activity or has any therapeutic value in the treatment of diseased or injured kidneys. The Commission found that the preparation is an irritant diuretic and ordered the respondents to discontinue disseminating any advertisement that fails to reveal that its indiscriminate use may interfere with the proper functioning of diseased or injured kidneys and that prolonged administration may injure normal kidneys; provided, however, that such advertisement need contain only the statement, "CAUTION: Use Only As Directed" if the directions for use on the label or in the labeling contain a warning to the same effect (4865).

Zonite Products Corporation, New York, and H. W. Kastor & Sons Advertising Co., Inc., Chicago.--The manufacturing and selling respondent in this case, Zonite Products Corporation, and its advertising agent were ordered to cease and desist from advertising ma

starting, faster acceleration or pick-up, increased power, or a smoother running engine (3388).

All-Winter Anti-Freeze Co., Columbus, Ohio.--The respondent engaged in the sale of a so-called "antifreeze" solution under the trade names "All-Winter Anti-Freeze" and "Chem-A-Cool," advertised for use in automobile radiators, was ordered to cease and desist from representing that the product is an effective antifreeze solution which provides protection against freezing to automotive cooling systems or engines or that it is dependable or safe for use; and from advertising or selling the product without disclosing that its use may cause serious damage to the cooling system of automotive engines (5016).

Belt Oil & Chemical Corporation, and others, New York.--The Commission ordered these respondents to discontinue representing that the preparation they sell under the name "Rubber-Life" is a tire or rubber preservative or adds anything to the life or wearing qualities of rubber or automobile tires; that it penetrates the minute pores of rubber or increases its resistance to wear; or that it is a new invention which increases tire mileage and prevents deterioration of rubber (4973).

Preparatory Training Institute, Trenton, N. J.--This respondent correspondence school, engaged in selling courses of instruction intended to prepare students for examinations for United States Civil Service positions, was ordered to cease and desist from representing in advertisements or through its salesmen that it has any connection with the Government or controls or will obtain Government positions for its students and from exaggerating the number of Civil Service positions available or the frequency of examinations therefor. The order also prohibited the respondent from describing its salesmen as "registrars" and from using the word "Institute" to designate its school (4454).

account (4796).

Modern Marketing Service, inc., Chicago; Red & White Corporation, Buffalo, and others.--A group of wholesale grocery firms for

which Modern Marketing Service bought Red & White private brand foodstuffs and allied commodities was ordered to cease and desist from accepting from the sellers any brokerage fee or commission, or discount or allowance in lieu thereof, in connection with purchases made for or on the account of Modern Marketing Service, Inc., or any buyer or other party affiliated with it. The

customer in promoting the sale of the respondent's products unless the pay-

ments or compensation are made available on proportionally equal terms to all competing customers. In consideration of the furnishing of merchandising and selling services, selected customers designated "promotional distributors" were found to have been granted a 10-percent discount over and above the regular trade discount, which additional discount was denied to other customers willing and able to furnish the same services (5049). (For that portion of the order prohibiting Violation of section 2(a) of the act, see p. 35.)

**D. VIOLATION OF SECTION 2 (f) OF CLAYTON ACT AS AMENDED BY
ROBINSON-PATMAN ACT**

Atlantic City Wholesale Drug Co Atlantic City, N.J., and others. In addition to operating a wholesale drug and cosmetic business, the respondents in this case were found to have published a magazine for the primary purpose of obtaining favorable discriminations in price from manufacturers and other merchants, they intended to purchase advertising space, with the agreement that the charges therefor were to be credited on the purchase price of merchandise bought by the respondents from such sellers. The Commission found that the discriminations thus obtained amounted to differentials in favor of the respondents of from 20 to 40 percents

Co., Shelton, Conn. (4110, 4111, 4113, 4560, 4561, 4562, 4563, and 4564).

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dealers or certain classes of such dealers from procuring goods at the same terms accorded to the boycotters or conspirators, or through coercion to influence the trade policy of the competitors or of manufacturers from whom they buy.

(c) Use of misleading trade names calculated to create the impression that a dealer is a producer or importer selling directly to the consumer, with resultant savings.

(d) Offering of false "bargains" by pretended cutting of a fictitious "regular price."

(e) Use of false representations that an article offered has been rejected as nonstandard and is offered at an exceptionally favorable price, or that the number thereof that may be purchased is limited.

(f) Falsely representing that goods are not being offered as sales in ordinary course, but are part of a special advertising campaign to obtain customers, or some purpose other than the customary profit.

(g) Misrepresenting, or Causing dealers to misrepresent; the interest rate or carrying charge on deferred payments.

20. Using containers ostensibly of the capacity customarily associated by the purchasing public with standard weights or quantities of the product therein contained, or using standard containers only partially filled to capacity, so as to make it appear to the purchaser that he is receiving the standard weight or quantity.

21. Misrepresenting in various ways the necessity or desirability or the advantages to the prospective customer of dealing with the seller, such as--

(a) Misrepresenting seller's alleged advantages of location or size, or the branches, domestic or foreign, or the dealer outlets he has.

(b) Making false claim of being the authorized distributor some concern, or failing to disclose the termination of such relationship, in soliciting customers of such concerns, or of being successor thereto or connected therewith, or of being the purchaser of competitor's business, or falsely representing that competitor's business has been discontinued, or falsely claiming the right to prospective customer's special consideration, through such false statements as that the customer's friends or his employer have expressed a desire for, or special interest in, consummation of seller's transaction with the customer.

(c) Alleged connection of a concern, organization, association, or institute with, or endorsement of it or its product or services by, the Government or nationally known organization, or representation that the use of such product or services is required by the Government, or that failure to comply with such requirement is subject to penalty.

(d) False claim by a vendor of being an importer, or a technician, or a diagnostician, or a manufacturer, grower, or nurseryman, or a distiller, or of being a wholesaler, selling to the consumer at wholesale prices; or by a manufacturer of being also the manufacturer of the raw material entering into the product, or by an assembler of being a manufacturer.

(e) Falsely claiming to be a manufacturer's representative and outlet for surplus stock sold at a sacrifice.

(f) Falsely representing that the seller owns a laboratory in which the product offered is analyzed and tested.

(g) Representing that ordinary private commercial seller and business is an association, or national association, or connected therewith, or sponsored thereby, or is otherwise connected with noncommercial or professional organizations or associations, or constitutes an institute, or, in effect, that it is altruistic in purpose, giving work to the unemployed.

(h) Falsely claiming that business

mitment, such as practice of declining to return original photograph from which enlargement has been made until purchaser has also entered into commitment for frame therefor.

(f) Falsely representing earnings or profits of agents, dealers, or purchasers, or the terms or conditions involved, such as false statement that participation by merchant in seller's sales promotion scheme is without cost to merchant, and that territory assigned an agent, representative, or distributor is new or exclusive.

(g) Obtaining agents or representatives to distribute the seller's products, through falsely promising to refund the money paid by them should the product prove unsatisfactory; or promising that the agent would be granted right to exclusive or new territory, would be given assistance by seller, or would be given special credit or furnished supplies, or overstating the amount of his earnings or the opportunities which the employment offered.

(h) Advertising a price for a product as illustrated or described and not including in such price all charges for equipment or accessories illustrated or described or necessary for use of the product or customarily included as standard equipment, and failing to include all charges not specified as extra.

23. Giving products misleading names so as to give them a value to the purchasing public which they would not otherwise possess, such as names implying falsely that--

(a) The products were made for the Government or in accordance with its specifications and of corresponding quality, or that the advertiser is connected with the Government in some way, or in some way the products have been passed upon, inspected, underwritten or endorsed by it; or

(b) They are composed in whole or in part of ingredients or materials which in fact are present only to a negligible extent or not at all, or that they have qualities or properties which they do not have; or

(c) They were made in or came from some locality famous for the quality of such products, or are of national reputation; or

(d) They were made by some well and favorably known process; or

(e) They have been inspected, passed, or approved after meeting the tests of some official (ulTj 44.64 0 -12.96 m5. Tw2.3874

29. Failing and refusing to deal justly and fairly with customers in consummating transactions transactions

(Except where otherwise indicated, cases involve violations of the Federal Trade Commission Act. United States circuit courts of appeals are designated First Circuit (Boston), etc.)

CASES DECIDED BY THE COURTS

Agricultural Insecticide & Fungicide Association, New York.--The Second Circuit (New York), by an undivided court (139 F. 2d 393), affirmed a Commission order directed against a price-fixing combina-

tion among members of the association and others. The order was upheld in toto as to all corporate petitioners and reversed only as to one director.

Associated Laboratories, Minneapolis.--A Commission order proscribing extravagant and unwarranted claims for the therapeutic value of an apparatus used in colonic irrigation and known as the "Gordon Detoxifier" was unanimously upheld by the Eighth Circuit (St. Louis) (143 F. 2d 316).

Joseph G. Branch Institute of Engineering and Science, Chicago.--The Seventh Circuit (Chicago) unanimously affirmed a Commission decision, Chicago, Illinois, 1947, 143 F. 2d 316.

Houbigant, Inc., Cheramy, Inc., and Houbigant Sales Corporation, New York.--The Commission order in this case was unanimously affirmed by the Second Circuit (New York) (139 F. 2d 1019) The practice condemned by the order was misrepresentation of domestically compounded perfumes as imported.

Adolph Kastor & Bros, Inc., New York.--A Commission order proscribing the petitioner's use of the terms "Scout," "Boy Scout, or "Scouting" up on or in connection with knives made or sold by it without the authorization of the Boy Scouts of America was affirmed without change by the Second Circuit (New York) (138 F. Inc.,thethe(138

committed to the

surveyors, and draftsmen (142 F. 2d 321). Answering the petitioners' principal contention, namely, "the lack of power in the Federal Trade Commission to control a conspiracy to fix prices and create a monopoly," the court called attention to the fact that "the Supreme Court has held that a method of price fixing, subject to criminal prosecution, under the Sherman Act, is also prohibitable under the F.T.C. Act" and "affords a legitimate basis of action by the said Commission."

Ultra-Violet Products, Inc., Los Angeles.--The Ninth Circuit (San Francisco) affirmed in toto 13 paragraphs of the Commission order, modified and affirmed another paragraph, and set aside 2 paragraphs without prejudice to their reentry in a narrower form (143 F. 2d 814). The case concerned misrepresentations of the therapeutic value of an ultraviolet ray lamp designated "Life Lite."

Warner's Renowned Remedies Co., Minneapolis.--The Commission order, which banned the petitioner's advertisements of its preparations as effective in the treatment of sterility in women, was affirmed without dissent by the Court of Appeals (Washington, D. C.) (140 F. 2d 18). A petition for certiorari was denied (322 U. S. 754).

Wholesale Dry Goods Institute, Inc., New York, and others.--The Second Circuit (New York) affirmed without qualification a Commission order directed against a combination in restraint of trade (139 F. 2d 230). The court concluded its opinion with the observation that "Not only was there 'substantial evidence' to support the [Commission's] findings, but it is impossible to see how any fair tribunal could have come to another conclusion." The petitioners' petition for certiorari was denied (321 U.S. 770).

United States v. Willard Tablet Co., Chicago.--While the Commission was not a party in this case, the decision of the Seventh Circuit Chicago) (141 F. 2d 141) affirming the judgment of the District court for the Southern District of Indiana is of interest in that it holds that proceedings before the Federal Trade Commission are res judicata.

The Wire Rope & Strand Manufacturers Association, Washington, D. C., and others.--Unanimous approval of a Commission order directing the cessation of a price-fixing combination in the nonpatented wire rope industry was given by the Fourth Circuit (Richmond) (139 F. 2d 622). In a subsequent decision, the court entered an order directing the Commission to consider and pass upon the petitioners' motion

CIVIL PENALTIES UNDER THE FEDERAL TRADE COMMISSION ACT

Seven cases which had been certified to the Attorney General of the United States under section 16 of the Federal Trade Commission Act were disposed of, and judgments for civil penalties in the sum of \$22750 were entered, as follows:

Dr. Emile Carpentier, Hillsdale, N. J.--District Court for the District of New Jersey; judgment for \$15,000.

Certane Co. and others, Los Angeles.--District Court for Southern District of California; judgment for \$750.

Glass” to designate or describe merchandise made of vinylite or any other similar synthetic resinous compound.

The Cement Institute, Chicago, and others.--

of Portland cement through the agreed use of a multiple basing-point delivered-price system.

Charles of the Ritz Distributors Corporation, New York.--Second Circuit (New York), unwarranted claims for benefits to be derived from use of cosmetics.

Corn Products Refining Co. and Corn Products Sales Co., New York.--Seventh Circuit (Chicago), price discriminations and restrictive-dealing contracts

National Crepe Paper Association of America, Philadelphia, and others.--Seventh Circuit (Chicago), price-fixing combination in crepe paper products.

Post Institute Sales Corporation, and others, New York.--Second Circuit (New York), false and misleading advertising of hair and scalp preparations.

Progress Tailoring Co., Chicago.--Seventh Circuit (Chicago), false and misleading advertising in connection with the sale of men's clothing.

Segal Lock & Hardware Co., Inc., New York, and others.--Second Circuit (New York), misrepresentation of the "pick-proof" properties of petitioners' locks.

Jacob Siegel Co., Philadelphia.--Third Circuit (Philadelphia), misleading use of the name "Alpacuna" to designate overcoats and topcoats containing no vicuna fiber.

Jack Silverman, trading as J. Silverman & Associates, General Forwarding System, and Commercial Pen Co., San Francisco.--Ninth Circuit (San Francisco), in connection with the sale and distribution of mailing cards designed for use in obtaining information concerning debtors, misrepresentations with reference to nature of business.

A. E. Staley Manufacturing Co. and The Staley Sales Corporation, Decatur, Ill.--Seventh Circuit (Chicago), discriminations in delivered price of glucose, in violation of section 2 (a) of the Robinson-Patman Act. After the case was remanded to the Commission "for further consideration and hearings, if necessary" (135 F. 2d 453), the Commission filed with the court its modified findings as to the facts, and the matter was rebriefed and reargued.

Standard Education Society and others, Chicago.--Second Circuit (New York), misrepresentations in connection with the sale of encyclopedias. By direction of the court, and in its capacity as special master, the Commission took testimony concerning alleged violations of a Commission order previously affirmed (302 U.S. 112).

Stetson Felt Mills, St Paul.--Eighth Circuit (St. Louis), misrepresentations in connection with the sale of rugs.

Judson L. Thomson Manufacturing Co., Waltham, Mass.--First Circuit (Boston), violation of section 3 of the Clayton Act in connection with the sale of rivets and rivet-setting machines.

J. E. Todd, Inc., Kenmore, N. Y.--Court of Appeals (Washington, D.C.), false claims for therapeutic value of medicinal preparation designated "Todd's Capsules."

United States Maltsters Association, Chicago, and others.--Seventh Circuit (Chicago), price-fixing combination.

United States Steel Corporation, American Bridge Co., Carnegie-Illinois Steel Corporation, American Steel & Wire Company of New Jersey, and Tennessee Coal, Iron & Railroad Co.--Third Circuit (Philadelphia) and Fifth Circuit (New Orleans), use of "Pittsburgh plus" prices for rolled-steel products in violation of the Clayton and Federal Trade Commission Acts.

**TABLES SUMMARIZING WORK OF THE LEGAL DIVISIONS AND
COURT PROCEEDINGS, 1915-44**

TABLE 1.--*Preliminary inquiries*

FISCAL YEAR ENDED JUNE 30, 1944 30, 1944	CUMULATIVE SUMMARY, 1915 TO JUNE
Pending beginning of year 85	Inquiries instituted 29036
0.37175n,.(S7944)ies institutedFE	

		Total disposition	18,522
Pending end of year	828		
		Pending June 30, 1944	828

1 This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 3.--Complaints

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1015 TO JUNE 30, 1944	
Pending beginning of year	404	Complaints	5,185
Complaints docketed	195	Rescissions:	
Rescissions:		Orders to cease and de-	
Orders to cease and desist	1	sist	64
Settled by stipulations to cease and desist	0	Settled by stipulations to cease and desist	1
Settled by TPC rules	0	Settled by acceptance of TPC rules	0
Dismissed	0	Dismissed	11
Closed without further proceedings ¹	1	Closed without further proceedings ¹	2
Total for disposition	601	Total for disposition	5,268
Complaints rescinded	0	Complaints rescinded	12
Orders to cease and desist	124	Orders to cease and desist	3,606
Settled by stipulations to cease and desist	1	Settled by stipulations to cease and desist	58
Settled by acceptance of TPC rules	1	Settled by acceptance of TPC rule.	24
Dismissed	14	Dismissed	923
Closed without further proceedings ¹	13	Closed without further proceedings ¹	192
Total disposition during year	153	Total disposition	4,815
Pending end of year	448	Pending June 30, 1944	448

¹ This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 4.--Court proceedings-orders to cease and desist-petitions for review-lower courts

FISCAL YEAR ENDED JUNE 30, 1944		CUMULATIVE SUMMARY, 1915 TO JUNE 30, 1944	
Pending beginning of year	35	Appealed	848
Appealed	26	Decisions for Commission	163
Total for disposition	61	Decisions for others ¹	96
Decisions for Commission	25	Petitions withdrawn	56
Decisions for others	0	Total disposition	315
Petitions withdrawn	8	Pending June 30, 1944	33
Total disposition during year	28		
Pending end of year	33		

¹ This table lists a cumulative total of 96 decisions in favor of the respondents in Commission cases before the United States Circuit Courts of Appeals. Approved by the Civil Control Administration, June 27, 1944.

numbers are counted, the total decisions in favor of the respondents would be 45.

NOTE-During the period 1919-38, inclusive, 58 petitions by the Commission for enforcement of orders to cease and desist were passed upon by courts. Of these proceedings, 54 were decided in favor of the Commission, 4 in favor of adversaries. Petitions for enforcement were subsequently made unnecessary by amendment of the Federal Trade Commission Act making orders finally effective unless review is sought by respondents within 60 days after service of an order.

TABLE 5.--*Court proceedings--orders to cease and desist--petitions for review--Supreme Court of the United States*

FISCAL YEAR ENDED JUNE 30, 1944
30, 1944

CUMULATIVE SUMMARY, 1915 TO JUNE

Pending beginning of year30, 1944

Appealed by others	1		
		Total appealed	11
Total for disposition	1	Decisions for Commission	2
		Decisions for others	5
Decisions for Commission	0	Certiorari denied Commission	1
Decisions for others	0	Certiorari denied others	3
Certiorari denied Commission	0		
Certiorari denied others	1	Total disposition	11
Total disposition during year	1	Pending June 30 1944	0
Pending end of year	0		

PART III. TRADE PRACTICE CONFERENCES

UNFAIR COMPETITIVE PRACTICES PREVENTED THROUGH COOPERATION UNDER RULES FOR INDUSTRIES

For the purpose of maintaining free and fair competition in trade and commerce, aiding business and protecting the public interest, trade practice rules for industries are established by the Commission under its trade practice conference procedure. The procedure provides a cooperative method of preventing unfair competitive practices, monopolistic restraints, and other trade evils in conflict with the laws administered by the Commission. Trade practice rules established thereunder constitute constructive guides to industry and afford protection to business and the buying public.

The procedure involves the holding of industry conferences followed by hearings of all affected parties in voluntary participation with the Commission in a joint undertaking to formulate and put into effect fair trade practice rules. When approved by the Commission, the rules are promulgated as standards c (promulgated) Tj 55.68 0 TD 0 4.0 TD

Prior to making such application for conference proceedings, trade committees, industry members, or other parties in interest may meet with the Commission's staff for the purpose of obtaining a full understanding of the proceedings and their objectives. After application is made, similar preliminary discussions are usually had with members of the Commission's staff, thus providing guidance and assistance in working out constructive solutions of the various competitive problems. In the course of the proceedings, industry-wide conferences are held and, before final approval by the Commission of any rules, public hearings on proposed rules are had to afford all interested or affected parties opportunity to present their views, suggestions or objections, and to appear and be heard.

Trade Practice Conference Division.--This division conducts the various activities relating to trade practice rules, the holding of industry conferences, administration and compliance work, and all other duties incident to the trade practice conference procedure. This division also is charged with the duties relating to administration of the Wool Products Labeling Act and the rules and regulations promulgated thereunder (see p.61.)

GROUP I AND GROUP II RULES DEFINED

Trade practice rules as finally promulgated are classified by the Commission as Group I and Group II rules, respectively.

Group I rules.--The unfair trade practices which are embraced in Group I rules are considered to be unfair methods of competition, unfair or deceptive acts or practices, or other illegal practices, prohibited under laws administered by the Federal Trade Commission, as construed in the decisions of the Commission or the courts; and appropriate proceedings in the public interest will be taken by the Commission to prevent the use, by any person, partnership, corporation, or other organization subject to its jurisdiction, of such unlawful practices in commerce.

Group II rules.--These rules embrace the wholly voluntary or recommended industry practices as distinguished from mandatory requirements. No such industry rule is received by the Commission unless the provision is in harmony with law and the public interest, and is constructively in support of the maintenance of fair competitive conditions in the industry.

INDUSTRY RULES IN EFFECT AND UNDER CONSIDERATION

The approximately 150 industries ^{b2 1.56 0 TD 0 Tc () TndatTRY RU0376 Tc 0 Tw (} ~~interesting~~

1 Rules when promulgated for an industry are issued in pamphlet form and are available to interested parties upon application to the Commission. A 1-volume compilation (287 pp.) of the various sets of rules promulgated for different industries from Sept. 1, 1935, to Aug.31, 1939, may be purchased from the

Trade practice conferences were held by the

outlets; use of deceptive types of containers simulating standard and generally recognized types; use of deceptive depictions (photographs, engravings, cuts, etc.) in describing industry products; selling below cost with the purpose and effect of suppressing competition,

restraining trade, or creating a monopoly ; and use of "loss leaders" as a deceptive or monopolistic practice.

Other subjects embraced in the rules are: Enticing away employees of a competitor; giving "push money," "gratuities," etc., under circumstances involving commercial bribery, deception, or restraint of trade use of misleading guarantees, price quotations, price lists, terms of sale, etc.; full-line forcing as a monopolistic weapon; combinations or conspiracies to fix prices, suppress competition, or restrain trade; unfair bidding methods; misrepresentation as to possible earnings or opportunities afforded on completion of correspondence school courses, or as to Government connection with, or endorsement of, any school, or respecting any training or services offered by such school; falsely representing offers as "special" or "limited"; deceptive sales of regular lines as "close-outs" to induce belief bargains are available; representing products as conforming to recognized industry standards when such is not the fact ; misuse of such words or terms as "perfect," "perfect cut," "commercially perfect," "real," "genuine," "natural," etc., in describing precious stones or their imitations; misuse of term "Crookes" as applied to sun glasses; misrepresenting kind, quality, thickness, or backing of mirrors; use of fictitious animal designations in description of furs; misrepresenting character, extent, or type of business engaged in; representing retail prices as wholesale; use of false or deceptive testimonials.

Also misuse of terms "pullorum tested," "blood tested," etc., as applied to baby chicks; deceptive use of the terms "water proof," "water repellent," "dust proof" or "warp proof," as applied to luggage or related products; false representations respecting tube capacity of radio sets and their range or receptivity; misuse of such terms as "all-wave," "world-wave," "world-wide wave," etc.; misuse of words or terms "bristle," "pure bristle," etc., in sale of toilet brushes; deceptive use of "help wanted" or other employment columns in publications ; interfering with competitor's right of purchase or sale ; representing domestic products as imported, or imported products as domestic; use of misleading or deceptive representations in procuring sales representatives; use of deceptive titles or names in selling books under the subscription plan; misusing terms relating to types of construction or weave of textiles; misuse of terms "extra fancy," "extra select," "extra quality," "deluxe," "choice," etc., to describe tuna fish products; misuse of the words or terms "lisle cotton," "cotton lisle," "crepe," etc., to describe hosiery products ; deceptive use of terms "hand spun," "hand woven," "hand loomed," "hand painted," and "hand embroidered" in describing linen products; and various other forms of misrepresentation, including false or misleading advertising and deceptive l andd n d

second-hand, rebuilt, or renovated ; disclosure that products are arti-

ficial or imitations and not real or genuine; disclosure of origin of imported products; prevention of marketing of substandard or imitation products as and for the standard or genuine, and the specification of minimum requirements for standard of genuine products; proper nomenclature for industry products; and disclosure as to true composition of paint and varnish brushes, as to imperfect or defective merchandise, as to use of adulterant or substitute for linseed oil in respect to putty products, as to presence of metallic weighting in silk or silk products, as to minimum yardage of ribbons, as to true functions of radio parts and accessories, and as to quality, quantity, and size of ripe olives packed in cans and other opaque containers.

INFORMATIVE LABELING

Informative labeling enters extensively into the work of the Commission under the trade practice conference rules. It is also a primary objective of the Wool Products Labeling Act which is administered by the Commission (see p.61). Fiber identification, or what is generally referred to as "Truth in Fabrics," forms a large part of such informative labeling work. While consumer goods containing or purporting to contain wool are subject to Wool Act labeling, similar fiber identification of other textiles, and informative labeling of various lines of merchandise outside the field of textiles, are covered by trade practice conference rules.

The object of informative labeling is twofold: (1) to aid intelligent purchasing and to prevent deception by informing consumers what they are to receive for their money, thus enabling them to be in a better position to judge quality and to buy according to their needs or preferences; and (2) to protect business from the unfair commercial practices attendant upon the sale of competing articles under conditions of misleading representations or deceptive concealment of the facts.

Constructive results of far-reaching character flow from the informative labeling rules established under trade practice conference procedure.

Products containing rayon in whole or in part are covered by the rules for the rayon industry, promulgated October 26, 1937. Those containing silk in whole or in part are covered by the rules for the silk industry, issued November 4, 1938. Corresponding rules for linen and part-linen

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Putty manufacturing, June 30, 1939; mirror manufacturing, July 19, 1939; luggage and related products, September 17, 1941; paint and varnish brush manufacturing, January 14, 1939; wholesale jewelry, March 18, 1938; curled hair, January 12, 1940; toilet brush manufacturing, December 31, 1937; rubber tire, October 17, 1930; and sun glass, December 23, 1941.

Rules providing for informative disclosure in advertising and selling methods also have been issued for such industries as tomato paste manufacturing, September 3, 1938; sardine, March 5, 1940; tuna fish, August 27, 1940; and macaroni, noodles, and related products, July 7, 1938.

PART IV. WOOL PRODUCTS LABELING ACT

INFORMATIVE LABELING FOR PROTECTION OF INDUSTRY AND THE PUBLIC

The Wool Products Labeling Act, approved by the President October 14, 1940, became effective July 14, 1941. Administration and enforcement of the act is committed to the Commission. The statute provides for the labeling of products which contain, purport to contain, or are represented as containing "wool," "reprocessed wool," or "reused wool" and which are manufactured for, or introduced in, "commerce" as defined in section 2.

Disclosure of the kinds and percentages of the different fibers of which the article is made, including the respective percentages of "wool," "reprocessed wool," and "reused wool," is required in respect of woolen clothing, blankets, and other wool products, excepting carpets, rugs, mats, and upholsteries exempted by section 14 of the act. The label affixed to the product also is required to be identified with the name of the manufacturer or the name of the qualified distributor or reseller. Maximum percentage of loading and adulterating material is likewise to be disclosed on the label, if any has been placed in the goods. The required label or mark or a proper substitute specified by the statute is to remain on the merchandise until it reaches the consumer.

Protection of honest business and of the consuming public through safeguarding of fair practices in merchandising is a primary objective of the law. Its provisions are directed against the evils of nondisclosure of fiber content, of misinformation and misbranding, of irresponsible labeling, and the like, with the purpose of eliminating the economic waste, harmful exploitation, and unfair competitive effects of such evils. In short, the act brings to the public, to business and to all concerned the benefits of informative labeling or what

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regulations necessary and proper for its administration and enforcement. Pursuant thereto, a comprehensive set of rules and regulations was issued by the Commission, effective July 15, 1941. These have been published in booklet form and are available to all concerned. They afford instruction and guidance as to how those subject to the act may proceed in various situations and assure themselves of being within the requirements of the law in ap ply(asss0249 Tc 0 Tc (ut5 -33el to52 0.52 0 TD 0.00(in

July 15, 1941. These have been published in booklet form and are available to all concerned. They afford instruction and guidance as to how those subject to the act may proceed in various situations and assure themselves of being within the requirements of the law in ap ply(asss0249 Tc 0 Tc (ut5 -33el to52 0.52 0 TD 0.00(in

1 The Commission has issued a publication (W-31) setting forth Illustrations, with explanatory matter, of certain forms of labels and tags which are acceptable under the act. Manufacturers, distributors, dealers, and other interested parties may obtain the leaflet upon application to the Commission.

improper labeling under the act was for the most part effected through cooperative effort and voluntary action on the part of the respective concerns involved, thus avoiding the necessity of resorting to compulsory remedy to protect the public interest. Relatively few cases have arisen in which voluntary cooperative action has not been sufficient to effect correction and where it has been necessary to invoke mandatory relief.²

The administrative compliance work proved both effective and economical in the large volume of instances arising in which the manufacturer or other concern involved was desirous of complying fully but needed guidance and assistance in understanding the requirements and putting them into operation in his plant or business. The administrative inspection work under the act became increasingly necessary to prevent the unscrupulous practice of removing or mutilating the required labels to conceal the facts with the effect of deceiving or defrauding the buying public. While cooperative and good-faith compliance is apparent in respect to the vast majority of vendors, constant vigilance and scrutiny must be maintained against the dishonest whose manipulations not only deceive and defraud the consuming public, but impose a heavy burden of unfair competition upon the law-abiding and scrupulous.

² For complaints alleging violations of the wool Products Labeling Act, see p.29.

PART V. RADIO AND PERIODICAL ADVERTISING

SPECIAL PROCEDURE PROVIDES CONTINUOUS SURVEY OF PUBLISHED AND BROADCAST MATTER

The Commission maintains its Radio and Periodical Division to provide a direct and expeditious handling of certain cases involving false and misleading advertising, violative of the provisions of the Federal Trade Commission Act.

Advertisers, publishers, broadcasting stations, and advertising agencies are accorded the privilege of dealing directly with the Director of the Division, with a view to reaching an agreement in such cases as are appropriate for negotiating a stipulation, thereby disposing of the issues involved and obviating the necessity of formal trial.

When the survey of advertising

productions destined for radio broadcast through distribution individual stations. of multiple pressings of such recordings to individual stations. An average of 4,866 pages of radio script was read each working day. From this material, 19,512 advertising broadcasts were marked for further study as containing representations that might be false or misleading.

Cooperation of radio and publishing industries.--In general, the Commission has received the cooperation of the 4 Nation-wide network

stipulations. In 34 of the stipulations advertising agencies signed jointly with the advertisers.

A total of 216 cases was disposed of by various methods of procedure. Of this number, 98 were considered settled upon receipt of reports or other evidence showing compliance with previously negotiated stipulations; 16 supplemental investigations were filed without action for various reasons; and 61 cases were closed without prejudice to the right of the Commission to reopen if warranted by the facts, 20 of them for lack of jurisdiction or lack of evidence sufficient to

establish a violation of law, 37 because of voluntary discontinuance of the practices or insufficient public interest, and 4 because of discontinuance of the practices resulting from corrective action taken by the Post Office Department. In 29 cases the Commission directed issuance of formal complaint, 22 wherein advertisers failed to tender acceptable stipulations agreeing to cease the alleged misrepresentations, and 7 wherein for various reasons the privilege of stipulation was not extended to the advertisers. Field investigations were ordered in 10 cases, 1 was referred to the Chief Trial Examiner and 1 to the Trade Practice Conference Division.

The Commission filed without action 28 applications for complaint and referred 8 such applications to the Post Office Department.

At the close of the year 722 cases were pending as compared with 639 at the close of the previous fiscal year.

Procedure in advertising cases.--If it appears to the Commission that a published advertisement may be misleading, a contact letter is sent to the advertiser and request is made for a sample of the product advertised, if this is practicable, and the quantitative formula if the product is a compound. Representative specimens of all advertising copy containing all claims made for the product during a 6-month period also are requested.

Upon receipt of these data, scientific opinions are obtained based upon the sample and formula. Upon receipt thereof, a list of such claims as then appear to be false or misleading is sent to the advertiser, along with a statement based upon the scientific opinion. The advertiser is notified of such information and is given an opportunity to

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PART VII. FOREIGN TRADE WORK

THE EXPORT TRADE ACT

The Commission is directed to administer the Export Trade Act, commonly known as the Webb-Pomerene law, under which there are now organized 46 cooperative export associations representing 492 member companies, mills, mines, factories, and export houses located throughout the United States. These groups export such important commodities as metal products, electrical apparatus, phosphate, sulphur,

the associations throughout the United States.

2006, 19 Rector Street, New York

TRADE REGULATION AND UNFAIR COMPETITION ABROAD

Pursuant to section 6 (h) of the Federal Trade Commission Act, the Commission has received information concerning recent developments in trust laws and regulation of competition abroad. The following are noteworthy :

Wartime trade and industry control 3heindusmComm

same Colombian office issued a resolution on August 5, 1943, requiring dealers in building materials, tools and supplies to declare their stocks on hand, prices and origin of their supplies. Drugs and pharmaceutical articles are closely regulated.

Development plans, industrialization, and control of investment have been interwoven in Latin American measures. In Brazil a National Council of Industrial and Commercial Policy was established by Decree Law No.5982, November 10, 1943, to present plans deemed necessary to stimulate industrial and commercial projects, restrict fraud and unfair competition, and raise the standard of living: Another Decree Law, No.6224, of January 24 1944 provided for an excess profits tax or an investment of twice the amount of the tax in a loan to the Government, the purpose of which is to limit war profiteering, control inflation, and divert war profits from speculative investment to post-war industrial rehabilitation and expansion.

Reconstruction commissions and post-war planning groups have been established in many countries. In England a newly appointed Minister of Reconstruction is also a member of the War Cabinet and Chairman of a Cabinet Committee, and will serve to coordinate and expedite the reconstruction plans and projectst a x

Uruguay.--Special Committee of Foreign Office appointed May 31, 1943, followed by an Economic, Financial and Social Commission established by Presidential Decree on January 12, 1944.

Venezuela.--Commission for the study of Post War Problems created by Presidential Decree No.197, October 6, 1943.

Space does not permit further discussion of foreign measures, some of which are mentioned above, but additional information is available in the Export Trade Office of the Commission.

PART VIII. FISCAL AFFAIRS

APPROPRIATION ACT PROVIDING FUNDS FOR COMMISSION WORK

The Independent Offices Appropriation Act, 1944 (Public Law 90, 78th Cong.), approved June 26, 1943, provided funds for the fiscal year 1944 for the Federal Trade Commission as follows :

FEDERAL TRADE COMMISSION

For salaries and expenses of the Federal Trade Commission, including personal services in the District of Columbia; contract stenographic reporting services; supplies and equipment, law books, books of reference, periodicals, garage rentals; traveling expenses, including not to exceed \$900 for expenses of attendance, when specifically authorized by the Commission, at meetings concerned with the concerned

Trade Commission, 1942	18,362.45	362.45	0	362.45	18,000.00
Federal Trade Commission, 1941	40.30	0	0	0	40.30
Federal Trade Commission, 1937	1.26	0	0	0	1.26
Total	2,378,906.40	1,946,324.13	61,914.69	2,008,238.22	370,668.18

1 Denotes red figures.

	Printing and binding	50,250.00	32,210.75	18,039.25
1944	Lump sum	2,040,050.00	1,917,307.50	122,742.50
	Printing and binding	43,000.00	39,848.47	3,151.55

APPENDIXES

FEDERAL TRADE COMMISSION ACT

(15 U.S. C., Secs. 41-58)

AN ACT To create a Federal Trade Commission, to define Its powers and duties, and for other purposes

Sec. 1. *Be it enacted by the Senate and*

² Auditing of accounts was made a duty of the General Accounting Office by the Act of June 10, 1921, 42 Stat. 24.

SEC. 3. That upon the organization of the Commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending investigations and proceedings of the Bureau of Corporations shall be continued by the Commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of t

or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and if it shall ap-

3 By subsection (f), Section 1107 of the “Civil Aeronautics Act of 1938,” approved June 23, 1938, Public No.706, 75th Congress, Ch. 601, 3d Sess., S. 3845, 52 Stat. 1028, Section 5 (a) of the Federal Trade Commission Act was amended by inserting before the words persons” (and following the words “to regulate commerce”), the following: “air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1918.”

pear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a

obedience to the terms of such order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before

4 Section 5 (a) of the amending Act of 1938 provides :

SEC. 5. (a) In case of an order by the Federal Trade Commission to cease and desist, served on or before the date of enactment of this Act, the sixty-day period referred to in section 5 (C) of the Federal Trade Commission Act, as amended by this Act, shall begin on the date of the enactment of this Act.

the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, upon the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

(d) The jurisdiction with

accordance with the mandate of the circuit court of appeals shall become final on the expiration of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to have such order corrected so that it will accord with the mandate, in which event the order of the Commission shall become final when so corrected.

(j) If the Supreme Court orders a rehearing ; or if the case is remanded by the circuit court of appeals to the Commission for a rehearing, and if (1) the time allowed for filing a petition for certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the

order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.

(k) As used in this section the term "mandate," in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

(l) Any person, partnership, or corporation who violates an order of the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

Sec. 6. That the commission shall also have power--

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust Acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation and the report shall be made public in the discretion of the commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust Acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the antitrust Acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

(f) To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

(g) From time to time to classify corporations and to make rules and regulations for the purpose of carrying out the provisions of this Act.

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

SEC. 7. That in any suit in equity brought by or under the direction of the Attorney General

as provided In the antitrust Acts, the court may, upon the conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission, as a master in chancery, to ascertain and report an appropriate form of decree therein. The commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report

5 See footnote on p. 2

such exceptions may be filed and such proceedings had In relation thereto as upon the report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

SEC. 8. That the several departments and bureaus of the Government when directed by the President shall furnish the commission, upon Its request, all records, papers, and information in their possession relating to any corporation subject to any of the provisions of this Act, and shall detail from time to time such officials and employees to the commission as he may direct.

SEC. 9. That for the purposes of this Act the commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoenas, and members and examiners

~~not be compelled to attend the commission or to produce any records, papers, or information in their possession relating to any corporation subject to any of the provisions of this Act, and shall detail from time to time such officials and employees to the commission as he may direct.~~ e m p i m

matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it ; *Provided*, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

Any person who shall willfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall willfully make, or cause to be made, any false entry in any account, record, or memorandum kept by any

section 5, and until

district in which such person, partnership, or corporation resides or transacts business.

(b) Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication, published at regular intervals--

(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue after the regular time therefor, and

(2) that such delay would be due to the method by which the manufacture and distribution of such publication is conducted by the publisher, the court may, in its discretion, refuse to grant an injunction against the dissemination of such advertisement.

instance by truthful

(c) The term "drug" means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathy Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them ; and (2) articles Intended for use In the diagnosis, cure, mitigation, treatment, or prevention of disease In man or other animals ; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals ; and (4) articles intended for use as a component of any article specified in clause (1), (2) , or (3); but does not Include devices or their components, parts, or accessories.

(d) The term "device" (except when used In subsection (a) of this section) means instruments, apparatus, and contrivances, including their parts and accessories, intended (1) for use In the diagnosis, ~~use~~ of ~~in~~ ^{par} ~~and~~

sense. The Commission acts only in the public interest. It has always been and now is the rule not to publish or divulge the name of an applicant or complaining party, and such party has no legal status before the Commission except where allowed to

Since its establishment in 1915, the Federal Trade Commission has conducted numerous general inquiries which are alphabetically listed and briefly described in the following pages under more than 125 different headings.¹ They were made

for Manufacturers (H. Doc. 1356, 64th, 31 p., 7/1/10) and *A System of Accounts for Retail Merchants* (19 p., o. p., 7/15/16).

Accounting Systems.--See *Distribution Cost Accounting*, and *Production Cost Accounting*.

Agricultural Implements.--See *Farm Implements*.

Agricultural Implements and Machinery (Congress).³--Prices of farm products reached record lows in 1932 but prices of many farm implements, machines, and repair parts maintained high levels resulting in widespread complaints in the next few years. The Commission investigated the situation (Public Res. 130, 74th, 6/24/36) and, following submission of its report, *Agricultural Implement and Machinery Industry* (H. Doc. 702, 75th, 1,176 p., 6/6/38), the industry made substantial price reductions. The report criticized certain competitive practices on the part of the dominant companies which the companies later promised to remedy. It showed, among other things, that a few major companies had maintained a concentration of control which resulted in large part from their acquisition of the capital stock or assets of competitors prior to enactment of the Clayton Antitrust Act in 1914 and thereafter from their purchase of assets of competitors rather than capital stock. ⁴

Agricultural Income (Congress).--Investigating a decline in agricultural income and Increases

AgriculturalAgricultural

4 F. T. C. recommendations that section 7 of -the Clayton Act be amended to declare unlawful the acquisition of corporate assets under the same conditions that acquisition of corporate stock has been unlawful since 1914, are discussed in *Chain Stores--Final Report on the Chain Store Investigation* (S. Doc. 4, 74th, 12/14/34), p.96: *Summary Report*

amended 10/3/42, of concerns named by it to determine whether orders had been Improperly related to secure capital equipment or whether orders that had been related had been extended for the purpose of obtaining capital equipment in violation of priorities regulations.

Cement (Senate).--Inquiry into the cement industry's competitive conditions and distributing processes (S. Res. 448, 71st, 2/16/31 showed that rigid application of the multiple basing-point price system 6 tended to lessen price competition and destroy the value of sealed bids; concerted activities of manufacturers and dealers strengthened the system's price effectiveness; and dealer associations' practices were designed to restrict sales to recognized "legitimate" dealers (*Cement Industry*. S, Doc. 71, 73d, 160 p., 0/0/33).

Chain Stores (Senate).--Practically every phase of chain-store operation was covered (S. Res. 224, 70th, 5/12/28), including cooperative chains, chain-store manufacturing and wholesale business, leaders and loss leaders, private brands, short weighing and overweighing, and sales, costs, profits, wages, special discounts and allowances, and prices and margins of chain and independent grocery and drug distributors in selected cities. (For subtitles of 33 reports published under the general title, *Chain Stores*, 1931-33, see F. T. O. Annual Report, 1941, p.201.)

In the *Final Report on the Chain-Store Investigation* (S. Doc. 4, 74th, 110 p., o. p., 12/14/34), legal remedies available to combat monopolistic tendencies in chain-store development were

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regions: (1) Pennsylvania, bituminous, 103 p.; (2) Pennsylvania, anthracite, 145 p., o. p.; (3) Illinois, bituminous, 127 p.; (4) Alabama, Tennessee, and Kentucky, bituminous, 210 p.; (5) Ohio, Indiana, and Michigan, bituminous, 288 p.; (6) Maryland, West Virginia, and Virginia, bituminous 286 p.; and (7) trans-Mississippi States, bituminous, 459 p.)

similar to those compiled during the World War, 1917-18 (*Coal-Monthly Reports on Cost of Production*, 4/20/20 to 10/30/20, Nos. 1 to 6, and two quarterly reports with revised costs, 8/25/20 and 12/6/20, processed, o. p.). An injunction to prevent the calling for the monthly reports (denied about seven years later) led to their abandonment.

Combed Cotton Yarns.--See Textiles.

Commercial Bribery (F. T. C.).--Investigating the prevalence of bribery of customers' employees as a means of obtaining trade, the Commission published *A Special Report on Commercial Bribery* (H. Doc. 1107, 65th, 3 p., o. p., 5/15/18), recommending legislation striking at this practice; *Commercial Bribery* (S. Doc. unnumbered, 65th, 36 p., o. p., 8/22/18); and *Commercial Bribery* (S. Doc. 258, 66th, 7 p., o. p., 3/18/20).

Commercial Cooking and Food and Plate Warming Equipment, Manufacturers of (W. P. B.), Wartime, 1942-43.--The commission conducted an investigation for the War Production Board to determine whether manufacturers of commercial cooking and plate warming equipment were complying with W. P. B. Limitation Orders L-182 and L-182 as amended 3/2/43; Conservation Orders M-126 and M-9-c, as amended; and Priorities Regulation No. 1.

Contractors, Prime, Forward Buying Practices of (W. P. B.), Wartime, 1942-43.--The matter of procurement, use, and inventory stocks of critical materials involved in the operation of major plants devoting their efforts to war production were inquired into for the information of the War Production Board. Items such as accounting, inventory, control, purchase, practices, etc., formed a part of the inquiry.

Cooperation in American Export Trade.--See Foreign Trade.

Cooperation in Foreign Countries (F. T. C.) .--Inquiries made by the Commission regarding the cooperative movement in 15 European countries resulted in a report, *Cooperation in Foreign Countries* (S. Doc.171, 68th, 202p.,o.p., 11/29/24), recommending further development of cooperation in the U. S.

Cooperative Marketing (Senate)--This inquiry (S.

Cost of Living (President).--President Roosevelt, in a published letter (11/16/37), requested the Commission to investigate living costs. The Commission (11/20/37) adopted a resolution undertaking the inquiry and a few months thereafter submitted a confidential report to the President.

Costume Jewelry, Manufacturers of (W. P. B.), Wartime, 1943-44.--Because it appeared that vast quantities of critical metals were being diverted illegally from war use to the manufacture of costume jewelry *and* similar items the War Production Board requested the Commission to investigate 45 manufacturers to ascertain the facts concerning their compliance with W. P. B. Orders M-9-a, M-9-b, M-9-c, M-9-c-2, M-43, M-38, M-11, M-11-b, M-126, L-81, L-131, and L-131-a, all as amended.(See Page 10.)

Food (President) Continued--Bakeries and Flour Milling.--One F.T.C. report was published by the Food Administration (*U. S. Food Administration, Report of the F. T. C. on Bakery Business in U.S.*, pp.5-13, o. p., 11/3/17.) Other reports were: *Food Investigation, Report of the F. T. C. on Flour Milling and Jobbing* (4/4/18, 27 p., o. p.) and *Commercial Wheat Flour Milling* (9/15/20.118 p., o. p.).

Food (President) Continued--Canned Foods,¹⁰ Private Car Lines, Wholesale Food Marketing.--Under the general title *Food Investigation* were no26gTD 0 Tc 0.03 Tw () Tj 2.28 0 TD /F0 9.9

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recommended stricter supervision of exchanges and additional storage facilities for grain not controlled by grain dealers (*Report of the F. T. C. on Methods and Operations of Grain Exporters*, 2 vols., 387 p., 5/16/22 and 6/18/23).

Food--Grain, Wheat Prices (President).--An extraordinary decline of wheat prices was investigated (President Wilson's directive, 10/12/20) and found to be due chiefly to abnormal market conditions (*Report of the F. T. C. on Wheat Prices for the 1920 Crop*, 91 p., 12/13/20).

Food--Mass Foods Distributors (F. T. C.).--The system of delivering foods to large chain store warehouses and the older system of delivery to individual retail

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recommendations for correcting these abuses *Report of the F. T. C. on Sugar Supply and Prices*, 205 p., 11/15/20).

Food-Sugar, Beet (F. T. C.).--Initiated by the Commissioner of Corporation,¹¹ but completed by the F. T. C., this inquiry dealt with the cost of growing beets and the cost of beet-sugar manufacture (*Report on the Beet Sugar Industry in the U. S.*, H. Doc. 158, 65th, 164 p., 6. p., 5/24/17).

¹¹ See footnote 8, p. 99.

Foreign Trade--Antidumping Legislation (F. T. C.)--To develop information for use

formed several years before to compete with the "harvester trust," but which had passed into receivership, the *F. T. C. Report to the Senate on the Independent Harvester Co.* (5 p., release, processed, o. p., 5/15/18) showed the company's failure was due to mismanagement and insufficient capital.

Industrial Corporation Reports (F. T. C.), Wartime, 1941-43.--The Commission obtained corporation financial reports for 1939 and 1940. It published in combined form significant economic facts developed in the 1939 series relating to 76 industries which embraced 780 corporations (*Industrial Corporation Reports*, 77 vols., incl. summary, 10/15/40 to 6/30/41, approximately 1,500 pp., processed;

Millinery Distribution (President).--This inquiry, requested by President Roosevelt, embraced growth and development of syndicates operating units for retail millinery distribution, the units consisting of lease departments in department or specialty stores (*Report to the President of the United States on Distribution Methods in the Millinery Industry*, 65 p., processed, 11/21/39).

Motor Vehicles (Congress).--Investigating (Public Res. 87, 75th, 4/13/38) distribution and retail sales policies of motor vehicle manufacturers and dealers, the Commission found, among other things, a high degree of concentration and strong States

manufacturers' treatment of some dealers; and that some companies' car finance plans developed serious abuses (*Motor*

Petroleum and Petroleum Products, Prices (President and Congress).--At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: *Investigation of the Price of Gasoline*, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and *Report on the Price of Gasoline in 1915* (H. Doc. 74, 65th, 224 p., o. p., 4/11/17)--both pursuant to S. Res. 109, 63d, 6/18/13¹² and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil companies' division of marketing ter-

¹² See footnote 8, p. 99.

ritory among themselves, the Commission suggesting several plans for restoring effective competition; *Advance in the Prices of Petroleum Products* (H. Doc. 801, 66th, 57 p., 6/1/20)--pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; *Letter of Submittal and Summary of Report on Gasoline Prices in 1924* (24 p. processed, 6/4/24, and Cong. Record, 2/28/25, p. 5158)--pursuant to request of President Coolidge, 2/7/24; *Petroleum Industry--Prices, Profits and Competition* (S. Doc. 61, 70th, 360 p., 12/12/27)--pursuant to S. Res. 31, 69th, 6/3/36; *Importation of Foreign Gasoline at Detroit, Mich.* (S. Doc. 206, 72d, 3 p., o. p., 2/27/33)--pursuant to S. Res. 274 72d, 7/16/32; and *Gasoline Prices* (S. Doc. 178, 73d, 22 p., 5/10/34)--pursuant to S. Res. 166, 73d, 2/2/34.

Petroleum Decree (Attorney General).--The Commission investigated (inquiry referred to F. T. C. 4/16/36) the manner in which a consent decree entered (9/15/30) against Standard Oil Co. of California, Inc., and others, restraining them from monopolistic practices, was being observed, and reported (4/2/37) to the Attorney General.

Petroleum--Foreign Ownership (Senate).--Inquiry was made (S. Res. 311, 67th, 6/29/22) into acquisition of extensive oil interests in the U. S. by the Dutch-Shell organization, and into discrimination allegedly practiced in foreign countries against American interests (*Report of the F. T. C. on Foreign Ownership in the Petroleum Industry* 152 p., o. p., 2/12/23).

Petroleum Pipe Lines (Senate).--Begun by the Bureau of Corporations, 13 this inquiry (S. Res. 109, 63d, 6/18/13) showed the dominating importance of the pipe lines of the great midcontinent oil fields and reported practices of the pipe-line companies which were unfair to small producers (*Report on Pipe-Line Transportation of Petroleum*, 467 p., o. p., 2/28/16), some of which practices were later remedied by the Interstate Commerce Commission.

Petroleum--Regional Studies (Senate and F. T. C.).--Reports published were: *Pacific Coast Petroleum Industry*- (two parts, 4/7/21 and 11/28/21, 538 p.)--pursuant to S. Res. 138, 66th, 7/31/19; *Reports of the F. T. C. on the Petroleum Industry of Wyoming* (54 p., o. p., 1/3/21)--pursuant to F. T. C. motion; *Petroleum Trade in Wyoming and Montana* (S. Doc. 233, 67th, 4 p., 7/13/22)--pursuant to F. T. C. motion, in which report legislation to remedy existing conditions was recommended; and *Report of the F. T. C. on Panhandle Crude Petroleum (Texas)* (19 p. 2/8/28)--pursuant to F. T. C. motion, 10/6/26 (in response to requests of producers of crude petroleum).

Potomac Electric Power Co. (Procurement Director, United States g2

12/20/30).

Power--Utility Corporations (Electric and Gas Utilities) (Senate).--This extensive inquiry

ownership of electric utilities. The Commission's reports and recommendations, focusing Congressional attention upon certain unfair financial practices in connection with the organization of holding companies and the sale of securities, were among the influences which brought about enactment of such remedial legislation as the Securities Act of 1933, the Public Utility Holding Company Act of 1935, the Federal Power Act (1935), and the Natural Gas Act (1938).

Public hearings were held on all phases of the inquiry and monthly interim reports presented hundreds of detailed the and

65th, 6/10/18) as disclosed by various Commission investigations were reported in *Profiteering* (S. Doc. 248, 65th, 20 p., 6/29/18).

Quinine, Manufacturers and Wholesalers of (W. P. B.), Wartime, 1942-43.--At the instance of the War Production Board, investigation was made to determine whether requirements of its Conservation Order No. m-131-a, relating to quinine and other drugs extracted from cinchona bark, were being complied with.

Radio (House).--A comprehensive investigation of the radio industry (H. Res.

¹⁴ Final reports were published in 1935; a general index in 1937. Some of the volumes are out of print. For report titles, see F. T. C. Annual Report, 1941, p.221; and for lists of companies investigated, see F. T. C. Annual Reports, 1935, p. 21, and 1936, p.36.

¹⁵ Basing-point systems are also discussed in the published reports listed under "Cement," "Steel Code." and "Steel Sheet Piling" herein.

548, 67th, 3/4/23; *Report of the F. T. C. on the Radio Industry*, 547 n. 2/1/33) contributed
materially to enactment of the enactment

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survey of costs, prices and profits in the steel industry, begun in April 1942 at the request of O. P. A., was made to that agency. The inquiry covered 29 important steel producing companies.

Steel Industry (O. P.M.), Wartime, 1941-42.--This investigation covered practically every steel mill in the country and was conducted for the purpose of determining the manner in which the priorities and orders promulgated by the

¹⁶ The salary lists do not appear in the report but are available for inspection,

¹⁷ As of the same date the N. R. A. published its *Report of the National Recovery Administration on the Operation of the Basing-Point System in the Iron and Steel Industry* (175 p., processed). The basing-point system is also discussed in published reports listed under "Cement" and "Price Bases" herein.

Cotton Trade (S. Doc. 311, 67th, 28 p., o. p., 2/26/23). After a second inquiry (S. Res. 429, 67th, 1/31/23), the Commission recommended certain reforms in trading practices and particularly in permitting Southern delivery of cotton on New York futures contracts (*The Cotton Trade*, incl. testimony, S. Doc. 100, 68th, 2 vols., 510 p., o. p., 4/28/24) A subsequent Senate bill (S. 4411, 70th, 5/18/28) provided for Southern warehouse delivery, but, before any law was enacted, the New York Cotton Exchange adopted Southern delivery on New York futures contracts (11/16/28 and 2/26/30) in accordance with the Commission's recommendations.

¹⁸ See footnote 17, p. 98.

Textile--Woolen Rag Trade (F. T. C.), Wartime, 1917-18.--The *Report on the Woolen Rag Trade* (90 p., o. p., 6/30/19) contains information gathered during the World War, 1917-18, at the request of the War Industries Board, for its use in regulating the prices of woolen rags employed in the manufacture of clothing.

Tin, Consumers of (W. P. B.), Wartime, 1942-43.--The principal consumers of tin were investigated at the instance of the War Production Board to determine the degree of their compliance with Conservation Order m-43-a, as amended, and other orders and regulations issued by the Director of the Division of Industry Operation, controlling the inventories, distribution, and use of the tin supply in the U.S.

Tobacco (Senate).--Inquiry (S. Res. 329, 68th, 2/9/25) into activities of two well-known companies disclosed that alleged illegal agreements or conspiracies did not appear to exist (*The American Tobacco Co. and the Imperial Tobacco Co.*, S. Doc. 34, 69th, 129 p., o. p., 12/23/25).

Tobacco Marketing--Leaf (F. T. C.).--Although representative tobacco farmers in 1929 alleged existence of territorial and price agreements among larger manufacturers to control cured leaf tobacco prices, the Commission found no evidence of price agreements and recommended production curtailment and improvement of marketing processes and cooperative relations (*Report on Marketing of Leaf Tobacco in the Flue-Cured Districts of the States of North Carolina and Georgia*. 54 p., processed, 5/23/31).

Tobacco Prices (Congress).--Inquiries with respect to a decline of loose-leaf tobacco prices following the 1919 harvest (H. Res. 533, 66th, 6/3/20) and low tobacco prices as compared with high prices of manufactured tobacco products (S. Res. 129, 67th, 8/9/21) resulted in the Commission recommending modification of the 1911 decree (dissolving the old and

(Report compared)

Government agencies such as the War and Navy Departments, War Industries Board, Price
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Wartime Inquiries, 1917-18, Continued.--Further wartime inquiries of this period are described herein under the headings: Coal, Coal Reports-Cost of Production, Cost of Living, Flax, Food, Farm Implements, Independent Harvester Co., Leather and Shoes, Paper--Book, Paper--Newsprint, Profiteering, and Textiles--Woolen Rag Trade,

Wartime Inquiries, 1941-45.--To aid in the 1941-45 war program, F. T. 'C. was called upon by other Government departments, particularly the war agencies, to use its investigative legal, accounting, statistical and other services in conducting investigations. It made cost, price and profit studies; compiled industrial corporation financial data; investigated compliance by basic industries with W. P. B. priority orders; and studied methods and costs of distributing important commodities. The 1941-45 wartime investigations are herein listed under the, headings: Advertising as a Factor in Distribution; Cigarette Shortage; Distribution Methods and Costs; Fertilizer and Related Products; Food--Biscuits and Crackers; Food--Bread Baking; Food--Fish; Food--Flour Milling; Household Furniture; Industrial Corporation Reports; Metal-Working Machines; Paper-board; Priorities; Production Cost Accounting; Steel Costs and Profits; and War Material Contracts.

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