

Annual  
Report  
of the **FEDERAL  
TRADE  
COMMISSION**

For the Fiscal Year Ended  
June 30, 1961

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For sale by the Superintendent of Documents, U.S. Government Printing Office  
Washington, D.C., 20402 - Price 40 cents (paper cover)

# Federal Trade Commission

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Washington 25, D.C.

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Room 306, Pacific Building, San  
Francisco 3, Calif.

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9, Mass.

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# Letter of Transmittal

FEDERAL TRADE COMMISSION,  
Washington, D.C.

To the Congress of the United States:

It is a pleasure to transmit herewith the Forty-seventh Annual Report of the Federal Trade Commission, covering its accomplishments during the fiscal year ended June 30, 1961.

By direction of the Commission.

PAUL RAND DIXON,  
Chairman.

THE PRESIDENT OF THE SENATE.  
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

v.

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## THE YEAR'S HIGHLIGHTS

From the standpoint of the Commission's 47-year history. It also produced important innovations in the employment of enforcement tools and in the use of voluntary procedures to gain compliance with the laws the Commission administers.

On the other hand, delay in the prosecution of cases continued to be so serious a problem that major changes in organization and procedures had to be devised and readied for introduction in fiscal 1962. While the additional appropriations received in fiscal 1961 had been put to good use it became all too apparent that the Commission's machinery needed to be redesigned to speed the prosecution of cases-to shorten the time between the initial investigation of a law violation and the prosecution of the case.

listic practices, an alltime record number of 103 was issued. While total complaints dropped from 502 to 410 as compared to the previous year, the total number of orders rose from 346 to 368. It must be emphasized, however, that mere numbers of actions are only one indication of Commission effectiveness and by no means the most significant criteria. Far more important than numbers is that illegal business practices be weeded out rather than merely trimmed back.

That the Commission was able to handle the volume of casework it did during the year is attributable in large part to a strengthening of the staff. This was made possible by an increase in appropriations from \$6,840,000 to \$8,009,500, which resulted in enlarging the staff from 782 to 855. While it is true that the hiring of new employees does not return an immediate, result in increased casework due to training requirements, the numerically strengthened staff put the Commission in a better position to carry out its responsibilities.

Even so, the backlog of pending cases continued to rise. In the antimonopoly field, the number increased from 931 to 1,484 during the fiscal year, and deceptive practice investigations pending continued to represent a 14-month backlog (1,030 cases), even though the Commission staff was able to complete 38 percent more such investigations than during the previous year.

Both from the standpoint of investigation and trial, corporate mergers that illegally restrain competition are the Commission's most difficult cases. During fiscal 1961, 53 full investigations were undertaken and 32 such cases were being tried. Five new complaints were issued and two cases were brought to conclusion with orders of divestiture.

power to demand answers to mailed inquiries made possible the investigation of an industrywide evil in record time. Indeed, the efficacy of this section 6 power as demonstrated by the citrus fruit investigation led to its further broad-scale use in investigations of possible discriminatory advertising allowances in the department store and food industries.

In addition to these broad investigations, the Commission brought many other actions to halt preferential treatment of some customers to the detriment of others in the furnishing of allowances and service. For example, orders were issued against a group of manufacturers for giving preferential allowances to grocery chains in the sale of food and household products. Similar orders were entered against manufacturers of such diverse products as steel pipe and fittings, hosiery, printing supplies, and mattresses. At the same time, new complaints were issued challenging the granting of discriminatory allowances in the sale of toys, books and magazines, vacuum sweepers, Sunglasses, plumbing specialties, grocery products, and automobile replacement glass.

Also attacked were price discriminations in violation of section 2 (a) of the **Robinson-Pattman Act** of manufacture



Deceptive practice cases in fiscal 1961 continued the pattern of previous years in providing the greatest number of Commission actions. Totals of 292 complaints and 272 orders were issued, with policing of the fur, wool, and textile fiber products industries accounting for 10 percent of the complaints and nearly 35 percent of the orders.

The Commission's performance came close to keeping pace with its mounting workload. A total of 90,1 deceptive practice investigations was completed, compared to 655 the previous year; however, at the end of fiscal 1961, the backlog of pending investigations remained virtually the same as it was the previous year--still 14 months behind--despite the increased speed made possible by a larger staff.

Although generally not so complex as antitrust cases, deceptive practice cases present the Commission with a responsibility whose importance should not be underestimated. Economic cheating, principally false advertising, is pernicious in that it penalizes reputable businessmen and tends to force them, in self-protection, to retaliate in kind. Thus, the ultimate victim, the public, finds itself the target of a grim competition. The result is a deterioration of public confidence in advertising, or, more broadly, a loss of faith in representations made for the merits of products and services. Such skepticism tends to spread, to engender distrust of the honest as well as the dishonest, to dilute the confidence which buyers must have in sellers. It is this confidence that lubricates our economic machinery. So, while some deceptive practice cases may not seem of any great importance, their insidious and cumulative effect is of vital concern to the Nation and hence to the Commission.

A principal area of corrective action involved misleading advertising of food, drugs, and therapeutic devices. For example, the Commission brought complaints against three concerns which manufacture or pack drugs they wholesale to retail druggists and other distributors. At issue was whether advertised claims of proper quality control were true. By the end of the fiscal year, one of the three had agreed to a consent order prohibiting false and misleading claims. The other cases were still pending. It seems likely that this hitherto unexplored area of "quality control" advertising will receive further investigation. Another group of claims challenged involved questionable advertising of vitamin pills as cures for tiredness. The complaints averred that in the vast majority of cases the cause of fatigue could not be helped by the vitamins or minerals contained in the pills. Still other complaints were issued against the makers of widely advertised analgesics for exaggerated claims on how much faster their pills could relieve pain than competing products, such as aspirin. The complaints contended there is no significant difference among them as to their pain-relieving speed.

Home and household products continued to tempt their advertisers to stretch the truth about performance, price, or comparative merit. Products involved were many and diverse, and included such goods as refrigerators, house paint, sewing machines, vacuum sweepers, lawnmowers, kitchen utensils, rubber gloves, furnace repairs, and carpets. Frequently, misrepresentation of the offering price as a "bargain" accompanied other questionable claims.

It was in this field that the Commission challenged misleading demonstrations on television. An order was issued against Aluminum Co. of America and Wear-Ever Aluminum, Inc., prohibiting them from using a misleading demonstration purporting to show that food wrapped in their brand of Aluminum foil was provided superior protection. Orders also were issued to stop deceptive television demonstrations used in advertising Colgate dental cream, Schick safety razors, and Mennen "Sof" Stroke" shaving cream.

Other challenged selling tricks involving home furnishings and improvements included the use of scare tactics in the sale of furnaces ("the old furnace is a fire hazard") and vacuum sweepers (to clean "germ-infested" rugs) ; the use of false "limited-time-only" claims for price reductions in the sale of encyclopedias; and misrepresentations of the foreign or domestic origin of cutlery, clocks, clothing, and other items whose value is affected by where they are made.

As the fiscal year neared its close, an industrywide investigation of the advertising of products offered for the relief of hemorrhoids was begun. Letters asking for substantiation of advertising claims were sent to 100 makers of these products.

One of the most important areas of the Commission's antideceptive practice work concerns the proper labeling of furs, woolens, and textile products. Indeed, the extent of this responsibility is such that plans were drawn during the fiscal year for the creation of a separate bureau to handle the policing of the three labeling acts covering these products.

Meanwhile, during the fiscal year, the Division of Textiles and Furs was doubled in size in order to increase its industry counseling and compliance inspection work. Special emphasis was given to inspections under the Fur Act in an effort to counter the widespread practice of passing off dyed and bleached furs as "natural." The result was that inspections more than doubled in number, and 92 complaints were recommended as contrasted to but 44 in fiscal 1960.

Another major activity of the Division was the commencement of active enforcement of the new Textile Fiber Products Identification Act of 1958. This followed a 16-month period of educating the textile industry to the act's requirements. This much time was deemed appropriate in the light of experience gained from early enforcement of the Wool and Fur Acts, and results appeared to justify the delay.

There has been far more compliance with the Textile Act than during the early periods under the Wool and Fur Acts, although in many areas more consumer education and industry counseling are needed. Nevertheless, enforcement work got underway with a sampling of over 30 million textile products to guard against labeling, invoicing, and advertising deficiencies.

Altogether, enforcement of the Wool, Fur, Textile, and Flammable Fabrics Acts resulted in 94 cease-and-desist orders, or more than a third of the Commission's deceptive practice orders for the fiscal year.

In defending those of its orders appealed by respondents to the Courts, the Commission achieved a high proportion of victories. The Supreme Court denied 10 petitions for certiorari to review courts of appeals decisions in favor of the Commission, denied a petition filed on the Commission's behalf to review an unfavorable decision, and granted 2 petitions, one of which was filed on behalf of the Commission. In courts of appeals, 9 of the 12 cases pending at the beginning of the year reached decision before its close, with the Commission orders being affirmed in 4 of the cases, modified in 2, and reversed in 2, while 1 case was dismissed for lack of prosecution by the petitioner. Of the five new cases that arose during the year and reached decision, the Commission's orders to cease and desist were affirmed in three, while two other petitions for review of Commission orders were dismissed pursuant to stipulations by the parties.

Law enforcement does not,

of course, was in addition to

of guarantees, and 6) advertising allowances. Each spells out in layman's language the requirements of the law as applied to the particular practice.

In policing these Guides, attempts are made first to assure voluntary discontinuance of violations, and then, should voluntary compliance efforts fail or should stronger measures be deemed necessary, the violation is made the subject of formal action. Nevertheless, many violations were successfully handled without recourse to formal procedures, and during fiscal 1961, 845 individual cases were so handled. In addition, 335 individual interpretations of matters covered by the Guides were made in response to inquiries. Well over 100,000 copies of the Guides were distributed.

Augmenting the informational impact of the Guides themselves, citywide meetings to discuss their application, as well as other aspects of Commission law enforcement, were held in Cincinnati, Memphis, Hartford, Tampa, Boston, Mobile, Birmingham, Seattle, Portland, and Evansville, Ind.

These are the highlights of the Commission's work during fiscal 1961. Much was accomplished, but the Commission's processing of cases could not keep pace with realistic requirements. As the year ended, the Commission's machinery was being redesigned for faster and more efficient performance.

## SCOPE OF AUTHORITY

### Basic Functions of the FTC

The Federal Trade Commission is composed of five Commissioners appointed by the President and confirmed by the Senate, of whom no more than three may be of the same political party. The Commission is charged with the responsibility for administering and enforcing laws in the field of antitrust and trade regulation. They deal with prevention of monopoly, restraints of trade, and unfair trade practices. The Commission also has the duty of investigating and reporting economic problems and corporate activity, particularly in relation to the antitrust laws and in aid of legislation. A primary purpose of the laws which the Commission administers is to protect competition in our private enterprise economy. These statutes are briefly described below.

The Federal Trade Commission Act of 1914, including the Wheeler-Lea Act Amendments of 1938

This legislation confers upon the Commission two broad functions. Under the first, the Commission, subject to certain exceptions, is "empowered and directed to prevent persons, partnerships, or corporations,<sup>1</sup> \* \* \* from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce," which are declared by the statute to be unlawful. The Commission is given power to investigate, to hear cases and to make determination of practices falling within this proscription.

Whenever deemed necessary in the public interest to resort to mandatory proceedings, the Commission is authorized to issue complaint.& against persons, partnerships, or corporations within its jurisdiction which it has reason to believe have been or are using any such unlawful methods, acts, or practices in commerce. If, upon due proceeding and

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<sup>1</sup> Excepted from the jurisdiction of the Commission under such section are "bankD (a)(1)(i) To Section 057 of the 2018 (10) 11/10/18

hearing, the Commission finds that the practices in question violate the act, it is empowered to issue a cease and desist order against the offending party or parties. Such an order may be appealed from the Commission to a United States court of appeals, which is authorized to review the proceeding and to affirm, enforce, modify, or set aside the Commission's order. Thereafter, the case may be taken to the Supreme Court of the United States upon writ of certiorari.

Originally, the cease and desist orders issued under the Federal Trade Commission Act were enforceable only by the appellate court through contempt proceedings, after its action had transformed the order into a decree of the court. The 1938 Wheeler-Lea amendments provided for a civil penalty action in the United States district court for violation of such final cease-and-desist orders. Under this provision the orders become final either through affirmance by the Court of Appeals or at the end of 60 days in the event no appeal is taken. If the order is violated after becoming final, a civil penalty suit may be instituted by the United States. Such an action is -brought by the Attorney General at the request of the Commission, and the district court is authorized to impose civil penalties up to \$5,000 for each offense. Under an amendment enacted in 1950, each day of a continuing violation may be treated as a separate offense.<sup>2</sup>

The Wheeler-Lea Act amendments also conferred special authority upon the Commission for the control of false advertising of foods, drugs, cosmetics civil Tc (States.h.c (orders.) Tj0 TDj 3

powers conferred by section 6. This section empowers the Commission 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, except banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships." The Commission also is empowered to require such corporations to furnish information and to file annual and special reports. When directed by the President or Congress, the Commission is authorized to investigate and report facts relating to any 0a11DA Tc ( )7Tc ( ) Tj 3 0 TD 0.0010 TD -0.0014 TD



meat, meat food products, livestock products in unmanufactured form, and poultry products.

It further provided, in substance, that the Commission could exercise jurisdiction over the wholesale operations of meatpackers if effective exercise of its power or jurisdiction with respect to retail sales of meat and meat food products would be impaired, and if, after notifying the Secretary of Agriculture, it was determined that the latter -was not conducting an investigation or proceeding involving the same subject matter.

A corresponding provision was made for the Secretary of Agriculture to exercise jurisdiction over the retail sales of meat and meat food products if his authority over wholesale operations would otherwise be impaired and if the Commission was not investigating or proceeding with respect to the same matter.

Shortly after the enactment of this statute, several conferences were held between officials of the two agencies to discuss the liaison arrangements which should be established under the act in order to coordinate their h e o

Section 2 of the Clayton Act, amended by the Robinson-Patman Act—Discriminatory Pricing.<sup>5</sup> —Subject to specified justification and defenses, this section provides that it shall be illegal to discriminate in price between different purchasers of commodities of like grade and quality sold for use, consumption, or resale within the United States, where the effect of the discrimination "may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefits of such discrimination, or with customers of either of them."

Exception is provided for differentials which make only due allowance for differences in cost of manufacture, sale, or delivery resulting from the difference methods or quantities in which the commodities are sold or delivered. Selection of customers in bona, fide transactions and not in restraint of trade are not prohibited. The section, as amended, also specifies exceptions respecting sales necessitated by market conditions, disposition on account of deterioration of perishable goods; obsolescence of seasonal goods; distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned. A defense to a charge of discrimination is also specified in regard to sales "made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor."

Quantity-Limit Provision.-This is also contained in section 2 of the amended Clayton Act. It confers authority upon the Commission, after due investigation and hearing of all interested parties, to fix and establish quantity limits as to particular commodities or classes of commodities "where it finds that available purchasers in greater quantities are so few as to render differentials on account thereof unjustly discriminatory or promotive of monopoly in any line of commerce.

Brokerages, Commissions, Proportionally Unequal Terms or Facilities.-The Robinson-Patman Act also forbids the payment of certain brokerages and commissions except for services rendered to the party making the payment, as well as forbidding the payment by manufacturers or sellers for, or the furnishing of, services or facilities to dealers or resellers in connection with the processing, handling, sale, or offering for sale of the products or commodities sold, unless such payments or the services or facilities furnished are made available to all competing customers on proportionally equal terms.

Inducement of Discrimination.-Another provision of the Robinson-Patman Act makes it unlawful for any person in the course of commerce "knowingly to induce or receive" an illegally discriminatory price.

Tying or Exclusive Dealing Contracts.-Section 3 of the Clayton Act prohibits the lease or sale in the course of commerce of goods,

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<sup>5</sup> Approved June 19, 1936 (49 Stat. 1526).

wares, merchandise, machinery, supplies or other commodities, for use, consumption or resale within the jurisdiction of the United States on the condition, agreement or understanding that the lesse

complete description of its organizational structure, and bring this information up to date yearly.

Under the Wool and Fur Acts, when necessary in the public interest, the Commission may institute seizure or condemnation proceedings for misbranded merchandise. Under all three acts it may apply to the Federal courts for temporary injunction pending the completion of a Commission proceeding under which a cease-and-desist order is sought. Suits to collect civil penalties for violation of Commission final orders under these acts are also available. Willful violations are punishable also by misdemeanor proceedings brought by the United States in the Federal district courts.

Manufacturers and distributors of products subject to these acts may issue guaranties for the protection of their customers who rely in good faith upon representations made in connection with such guaranties.

Registered identification numbers are issued by the Commission to manufacturers and distributors for use on labels in lieu of their required name.

Flammable Fabrics Act, Approved June 30,1953, effective July 1, 1954<sup>9</sup>

The purpose of this statute is to afford the public protection from wearing apparel made of fabrics which are so highly flammable as to be dangerous. In the past, such fabrics have brought death or severe injury to many people.

A flammability test method is prescribed and apparel or fabrics which fail the tests are considered dangerously inflammable. It is forbidden by statute to introduce or place such merchandise on the market. In its administration of this act, the Federal Trade Commission is authorized to issue rules and regulations, to conduct tests, and to make investigations and inspections. The Commission is authorized to use its power under the Federal Trade Commission Act, including the cease-and-desist order process, in carrying out its responsibilities for enforcing the act. Offending goods found in the market may be seized and condemned through district court action brought by the Commission. Pending completion of proceedings for issuance of a cease-and-desist order against an alleged violator, the Commission may apply to the court for temporary injunction. Suits for violation of a final cease-and-desist order may be brought to recover civil penalties up to \$5,000 for each offense.

Manufacturers and distributors may guarantee their merchandise as having passed reasonable and representative tests for flammability. Members of the trade who rely in good faith upon these guaranties are afforded certain protection against prosecution. Willful violations of the act, whether in placing prohibited products on the market or in issuing a false guaranty, may be prosecuted by the Government as

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<sup>9</sup> 67 Stat. 111.

misdemeanors. Upon conviction, fines up to \$5,000 or 1 year's imprisonment, or both, may be imposed by the court.

#### Regulation of Insurance-Public Law 15, 79th Congress<sup>10</sup>

This act was passed by Congress after the Supreme Court had ruled that the insurance business is subject to Federal jurisdiction under the commerce clause of the Constitution.<sup>11</sup>

Under this statute, the Federal Trade Commission and the Clayton Acts apply to the business of insurance to the extent that it is not regulated by State law.

#### Lanham Trade Mark Act, approved July 5, 1946<sup>12</sup>

This authorizes the Commission to proceed before the Patent Office for cancellation of certain trade-marks improperly registered or improperly used in competition, as provided in section 14 of this act.

#### Defense Production Act of 1950<sup>13</sup> and Small Business Act of 1953<sup>14</sup>

The former statute authorizes the Commission to make surveys at the request of the Attorney General to determine any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of administration of the Defense Production Act of 1950. The Chairman of the Commission, as provided in section 708, also is consulted regarding voluntary industry agreements and programs which the President is authorized to utilize to further the objectives of the act. Similar consultative responsibilities rest upon the Chairman of the Commission under section 217 of the Small Business Act. After agreements and programs have been subjected to this consultative review and have received official sanction, those participating are afforded immunity from the antitrust laws and the Federal Trade Commission Act.

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<sup>10</sup> Approved March 9, 1945, 59 Stat. 33. Effective June 30, 1948, see amendment approved July 25, 1947, 61 Stat 448.

<sup>11</sup> United States v. Southeastern Underwriters Association, 332 U.S. 533, June 5, 1944.

<sup>12</sup> 60 Stat. 427.

<sup>13</sup> 64 Stat. 798.

<sup>14</sup> 67 Stat. 232.

## ADMINISTRATION

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The Executive Director, as the Commission's chief staff official, manages the Federal Trade Commission's activities to achieve effective and economical operation. He has responsibility for the administration of all the Commission's bureaus and field offices. The Office of the Executive Director also includes the Office, of Administration and the Division of Public Information.

### OFFICE OF ADMINISTRATION

The Office of Administration gives policy guidance and general supervision to the management and organization programs, administrative services activities, and personnel programs of the Federal Trade Commission. The Office plans for effective organization and administration of the Commission's management programs; formulates and puts into effect basic administrative policies; and develops long-range plans relating to needs for personnel, space, supplies, equipment, etc. The Office of Administration includes the Division of Personnel, the Division of Management and Organization, and the Division of Administrative Services.

#### Division of Personnel

The Division of Personnel initiates, develops, and administers personnel policies and programs in the spheres of recruitment, appointment and placement, training, position classification, performance evaluation, employee relations, and health and welfare.

#### Division of Management and Organization

The Division of Management and Organization conducts management surveys and recommends and installs organization changes, management reports, procedures, and establishes staffing patterns that enable the Commission to operate more efficiently and effectively.

This Division also prepares analyses of the Commission operations for the use of the Commission.

## Division of Administrative Services

The Division of Administrative Services is a central administrative unit established for the purpose for publishing material made public under section 6(f) of the Federal Trade Commission Act, for the procurement of supplies and equipment, and for supplying other services essential to the functioning of the Federal Trade Commission. The Commission's Library is also located in this Division.

### Publication Branch

This Branch of the Division of Administrative Services clears for format, economy of reproduction, and distribution, all material printed or duplicated by the Federal Trade Commission within the limitations of the laws and regulations as applicable thereto. This Branch also operates a class. A printing plant established under the provisions of the regulations by the Joint Committee on Printing of the U.S. Congress, and provides photographic, Photostat, and drafting services. These services are performed by the following sections:

The Stenographic and Composition Section edits, for format and typography, material to be printed at the Government Printing Office or printed or duplicated in the Federal Trade Commission Printing Plant, and provides stenographic services when bureau pools are overburdened.

The Photographic Section provides the Commission with photographic, Copy Flo, and Photostat services for use in connection with the Commission's legal proceedings and economic reports. Functions of the printing plant are the printing of the Commission's orders, press releases, legal and economic reports, speeches, trade practice rules, pamphlets, forms, letters, etc.

### Library

The Library consists of specialized collection of more than 100,000 bound volumes and extensive vertical files containing approximately 40,00 legislative documents and statistical publications organized for easy accessibility. In addition, there are several thousand current issues of legal, economic, and technical periodicals which collect annually from the inflow of more than 200 titles on a daily, weekly, monthly, or other frequency basis. These, too, become volumes at the end of each year when single numbers of selected titles are collected and bound.

### Procurement and Services Branch

This Branch of the Division of Administrative Services is responsible for providing services and controls in the necessary housekeeping functions as follows: procurement and maintenance of supplies, equipment, furniture, etc.; space control and building maintenance; communications including mail, telephone and telegraph, and messenger.



## OFFICE OF PUBLIC INFORMATION

This Division issued a total of 1,593 press releases during fiscal year 1961, compared with 1,265 in fiscal 1960. They covered news of Commission complaints, answers by respondents, initial decisions, orders, compliance actions, warnings to alert the public on how to identify illegal seeing schemes and business practices, and other newsworthy actions by the Commission. In addition, many oral and written inquiries from the press and public - were answered each day.

## OFFICE OF THE COMPTROLLER

The Office of the Comptroller includes the Division of Budget and Finance and the Division of Financial Statistics, thus placing all budget, fiscal, machine tabulation, and financial statistics in one office.

### Division of Budget and Finance

The Division of Budget and Finance is responsible for the preparation and administration of the Commission's budget and maintains the fiscal records of the Commission. This office maintains salary, savings bonds, tax, social security, retirement, and annual and sick leave records for all employees of the Commission, including the field offices. This Division performs the audit, prior to payment, of ,III vouchers covering payment for travel expense, communications, and supplies and equipment. The Fiscal Section maintains the various ledgers and records necessary to reflect the financial position of the Commission at all times and prepares the various financial statements and reports required by the Commission, the Bureau of the Budget, the Treasury Department, the General Accounting Office, and the Congress.

### Division of Financial Statistics

The Division of Financial Statistics has been responsible since 1917 for summarizing, for each calendar quarter, uniform, confidential financial statements collected from a probability sample of all enterprises classified as manufacturers, except newspapers, which are required to file U.S. Corporation Income Tax Form 1120. The quarterly summaries, entitled Quarterly Financial Report for Manufacturing Corporations, are published by the Government Printing Office and sold by the Superintendent of Documents.

The purpose of this sample survey is to produce, each calendar quarter, an income statement and balance sheet for all manufacturing corporations, classified by both industry and asset size. (Corporations account for more than 95 percent of total receipts from all manufacturing activity in the United States; manufacturing corporations account for more than half of all corporate profits.)

In the published summaries, profits per dollar of sales and rates of profit on stockholders' equity are shown each quarter for each of 60 industry and size groups of manufacturing corporations. Also shown each quarter are 45 income statement and balance sheet items, and as many financial and operating ratios, for each of 45 industry and size groups of corporate manufacturers.

The quarterly summaries are used by various agencies in the executive and legislative branches of the Federal Government to analyze current business conditions, evaluate the current financial position of small business, estimate net income in national income statistics, estimate current tax liability and future tax receipts, and determine current monetary and credit policy.

The quarterly summaries are also used by thousands of non-Government subscribers. Executives, for example, use the quarterly summaries to measure efficiency and appraise costs by comparing a company's operating results with the average performance of companies of similar size or in the same line of business, to determine whether to undertake new ventures by comparing the profitability of various types of business activity, and as a guide to the relative movement of sales and profits in order to reduce controversies in wage negotiations.

## OFFICE OF THE SECRETARY

The Secretary has authority as delegated to close cases in informal matters -without referring them to the Commission. He gives final overall staff review, from the standpoint of law and policy, to letters prepared for the signature of the Chairman or the Secretary. He attends all executive sessions of the Commission and participates in the consideration by the Commission of recommendations of top officials in all phases of the agency's activities. The Secretary is the Congressional Liaison Officer and, in addition, coordinates and is responsible for overall liaison activities of the Commission with various other Government agencies. He signs official documents and letters reflecting Commission action, and serves as legal custodian of the seal and records of the Commission. Also, he supervises, through the Assistant Secretary for Minutes, the assignment of matters to the Commission, the taking of the minutes, the transmittal of Commission directions to the staff, the setting of oral arguments, the editing and publishing of Commission decisions and digests, and the preparation of material for publication in the Federal Register and Code of Federal Regulations; and serves as Deputy Employment Policy Officer of the Commission.

The Office of the Secretary includes the following offices:

## Legal and Public Records

The Office of the Assistant Secretary for Legal and Public Records embraces the Legal Research and Reporting Section, Formal Docket Section, Public Reference Section, and the Distribution Section.

### Legal Research and Reporting Section

This Section is responsible for the preparation and publication of the volumes of the Federal Trade Commission Decisions and its Statutes and Court Decisions, the latter including court decisions in Commission cases; for the codification and editorial preparation of various Commission material published in the Federal Register; and for the collection and dissemination of relevant court decisions.

### Formal Docket Section

The Formal Docket Section is responsible for the establishment, management, safety, completeness and accuracy, and uses and retirement of the legal and related records of the Commission.

### Public Reference Section

The Public Reference Section furnishes information and assistance to the public and to the staff of the Commission in relation to public, legal, and court proceedings and rules of procedure. The Section is responsible for the custody, location, safety, condition, etc., of dockets files, exhibits, and other items.

### Distribution Section

The Distribution Section controls the supply and distribution of all publications issued by the Commission, such as economic and annual reports, trade practice rules, and Statutes and Court Decisions.

FEDERAL TRADE COMMISSION

ORGANIZATIONAL CHART - SEE IMAGE

Prepared by Division of Management and Organization

ADMINISTRATION ONLY

## INVESTIGATION

The Bureau of Investigation conducts and investigates possible violations of the statutes administered by the Commission. Most of these investigations are made by attorney examiners stationed in 10 field offices. They work under the general supervision of the Bureau Director, the Chief Project Attorney and his staff.

Investigations fall generally in several categories, i.e., restraints of trade and monopoly matters and unfair and deceptive acts and practices, all of which are considered unfair methods of competition. The restraints of trade involve such matters as price fixing, collusive bidding, resale price maintenance, selling below cost with the intent and probable effect of eliminating competition or destroying a competitor (see. 5 of the Federal Trade Commission Act), discriminatory pricing practices and the inducing thereof (see. 2 of the

collusive bidding 085 Tj 46 61.8 0 TD f g ty 0.00-3660.0173 Tc 0 Tlusive p77cc dc c7anT75173 137



An investigation was completed during the fiscal year of the shoe industry to determine whether manufacturers and distributors were engaging in false advertising and misbranding in regard to the composition of their products. Involved were questions as to whether plastic or paper products were being used as substitutes for leather or rubber, and as to whether the products were being affirmatively misrepresented or were deceptive in appearance.

Investigations of false advertising and misbranding of watches during the fiscal year resulted in the issuance of a number of complaint against the manufacturers and distributors. Investigations of exaggerated gas mileage claims by domestic manufacturers of automobiles and some importers have brought about corrective action through stipulation or other administrative treatment. An industrywide investigation of the rebuilt TV picture tube has culminated in revisions of labels and advertisements of such tubes to disclose the presence of used parts.

During this fiscal year the Commission began investigating the advertising of manufacturers of drug products who are claiming to maintain "quality control," thus representing that they follow all methods, procedures, and operations necessary to insure the safety and efficacy of their products. Complaints were issued in instances where these claims were found to be unjustified. The Commission also issued complaints against advertising claiming safety for products whose labels bore warnings in the labeling.

Investigations in a series of cases involving the advertising of vitamin products resulted in the issuance of several complaints by the Commission looking to a requirement that such advertising, when referring to physiological conditions or symptoms, limit claims for benefit to those instances due to a deficiency of the vitamins supplied, and also to require the affirmative disclosure that in the great majority, of persons suffering from such conditions and symptoms, the cause is not an insufficiency of the vitamins.

## MERGER INVESTIGATIONS

Section 7 of the Clayton Act, although originally enacted in 1914, took its present form by act of December 29, 1950. The statute, as it now stands, prohibits corporate mergers and acquisitions that may substantially lessen competition or tend to monopoly in any market. The authority of the Commission to enforce section 7 of the amended Clayton Act is derived from section 11 of the act.

The Bureau of Investigation is charged with the responsibility of examining all corporate mergers and acquisitions by corporations subject to the jurisdiction of the Commission and conducting investigations to determine their probable competitive effects.

Mergers and acquisitions are a principal means of corporate growth, and have attracted the close interest, in recent years, of not only the Government but also business. There is no requirement in the existing law that parties to a corporate merger or acquisition must be of the same nationality.





offered for the treatment of arthritis and rheumatism, to reducing devices, and the advertising used to promote the sale of contact lenses. Special attention was given to the advertising of antibiotics and other drugs used in treating dairy animals, which advertising should include a warning of how long the animal's milk must be withheld from human consumption after the drug is administered. Attention was also given to the claims of adequate quality control appearing in the advertising used by certain manufacturers of generic-named drugs.

Many of the matters referred to the Division for scientific opinion are complex and difficult to resolve. Much of the advertising under investigation involves drugs, cosmetics, and devices regarding whose virtues and limitations the published medical and scientific literature provides, at most, only fragmentary and inconclusive information. Consequently, the Divisions must locate and confer with the medical specialists and other scientists who have firsthand the

During the year, accounting services were furnished in connection with 93 legal cases and investigations. These included 61 Robinson-Patman cases, 14 other Clayton Act cases, and 18 section 5 Federal Trade Commission Act cases.

During the year a study was made of the profitableness of identical companies in each of 24 selected manufacturing industries for the years 1940, 1947-59, and also for the 12 largest companies in each of 39 industries for the years 1958 and 1959. A report on this study was submitted to and approved by the Commission and ordered published.

## RADIO AND TELEVISION ADVERTISING UNIT

The principal function of this Unit is to monitor radio and television commercials and various types of printed material. In reviewing radio and television scripts, all networks submit commercials disseminated during 1 week each month and each individual television station submits scripts covering a 24-hour period each 3 months. For individual radio stations a breakdown has been computed based on the amount of coverage. For stations with powerful transmissions or smaller stations in largely populated areas, continuities are requested for a 24-hour period each 3 months, or four times a year. Smaller stations or fairly large stations operating in sparsely populated areas are requested to submit scripts for a 24-hour period every 6 months. Small stations, usually individually owned and operated, are covered by submitting copy once a year.

Twenty-five newspapers, distributed geographically, representing metropolitan and rural areas, and 10 magazines are obtained each week. In addition to broadcasting networks, individual stations submitted continuities as follows:

Radio Stations:	
Group I (4 times yearly) .....	463
Group II (2 times yearly) .....	783
Group III (1 time yearly) .....	2,372
Total stations .....	3,618
Television stations .....	580

There were reviewed in radio and television advertising the following number of advertisements, and in the case of newspapers and magazines the number of pages:

Radio-television, 465,324; magazine-newspaper, 169,294.

The Unit operates as a service organization within the Commission on behalf of various bureaus and divisions. On request, some 46,000 individual ads have been furnished.

The Radio and Television Advertising Unit conducts spot-check monitoring of commercials disseminated in the Washington and Baltimore areas over both radio and television. This includes visual

monitoring of television commercials. Upon request the Unit has made sound kinescope recordings of various television ads which have been of substantial assistance to several bureaus within the Commission.

## DIVISION OF TEXTILES AND FURS

This Division enforces four separate pieces of consumer legislation-the Wool Products Labeling Act of 1939, the Fur Products Labeling Act of 1951, the Flammable Fabrics Act of 1953, and the Textile Fiber Products Identification Act of 1958.

The Wool, Textile, and Fur Acts require content disclosure on labels, as well as other important factual information. In addition, the Fur Act requires truthful invoicing, and it and the Textile Act require important and truthful disclosure in advertising products subject to their terms. The Flammable Fabrics Act protects consumers by prohibiting the marketing of dangerously flammable wearing apparel and fabrics.

To assist consumers and businessmen, the rules and regulations under the Fur Act contain a Fur Products Name Guide, which sets out the true English name of the animal producing the fur. In addition, the regulations under the Textile Act contain a list of 16 generic names for manmade fibers, which serve as common denominators for the hundreds of synthetic fibers now being sold. The Division also maintains a public register of continuing guarantees filed with the Commission under the four acts. These guarantees protect intermediate sellers of wool, fur, and textile products when relied upon in good faith. The Division also issues registered identification numbers to companies whose customers do not wish to reveal their sources of supply to competitors.

In administering these laws, the Division plans and supervises nationwide industry counseling and compliance inspection programs. Through industry counseling, the Division seeks to obtain voluntary compliance with the law. Full-time textile and fur investigators conducting compliance inspections point out violations to responsible parties, and, where possible, effect on-the-spot corrections of minor deficiencies. When voluntary compliance cannot be obtained, the Division initiates formal corrective action against responsible parties. Willful violators are subject to criminal prosecution.

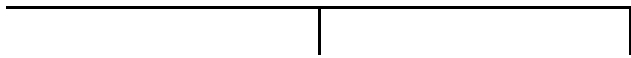
During fiscal 1961, the Division's investigative staff was doubled to increase its industry counseling and compliance inspection work.

Special emphasis was given to inspections under the Fur Act because of the increased number of violations due to the passing off of dyed and bleached furs as "natural." The number of fur inspections more than doubled those of the previous year. Recom-

mendations for complaint-charging violations with the Fur Act and Regulations rose from 44 in fiscal 1960 to 92 in fiscal 1961.

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## ANTIMONOPOLY CASES

As shown above, 120 complaints and 103 orders to cease and desist were issued against monopolistic practices. The following references indicate their scope and variety.

### Merger Cases

Cases under section 7 of the Clayton Act involve corporate mergers and acquisitions which may substantially lessen competition or tend toward monopoly. On June 30, 1961, 30 merger cases were pending in various stages of trial and these cases represented a substantial part of the caseload of the Bureau during fiscal 1961. Five new complaints were issued during the year, one complaint was dismissed without prejudice, and two cases were brought to a conclusion with orders of divestiture.

The two orders issued during the year were in cases which were vigorously contested throughout, both before the hearing examiners and by appeals to the Commission. In one of the cases the Commission modified the examiner's order to make it more effective, and in the other case the Commission's order represented a reversal of the hearing examiner's dismissal of the charges.

The Pillsbury Co., the Nation's second largest flour-milling company, was ordered by the Commission to sell 7.-i66.960W2TD -0 Tc (sell8 0 TD -0.0064 et, 0 Tc ( sell8 0 0 TD 0 Tc ( ) Tj 2.





& Son Inc., Kerr Glass Manufacturing Corp., and Ball Bros. Co., Inc.

Other 2(d) orders were entered against manufacturers of such diverse products as pipe and fittings, hosiery, printing and photoengraving supplies, mattresses, and brassieres.

New proceedings instituted under section 2(d) centered on toy manufacturers who allegedly gave discriminatory promotional allowances to some wholesalers. Companion cases also were brought charging the favored wholesalers with violating section 5 of the Federal Trade Commission Act in knowingly inducing the discriminations.

Additional 2 (d) complaints charged the granting of discriminatory allowances in the sale of books and magazines, floor polishers, vacuum cleaners, sunglasses, grocery products, candy, plumbing specialties, and automobile replacement glass.

Companies cited in such complaints included Golden Press, Inc.; Grosset & Dunlap, Inc.; and

The automotive parts field accounted for several proceedings involving knowing inducement of price discriminations violative of section 2 (f ) of the Clayton Act. Orders were issued against Southern California, Jobbers, Inc., Southwestern Warehouse Distributors, Inc., and Automotive Southwest, Inc., together with more than 100 jobber members of these buying groups. The complaints in these cases alleged that the jobbers had set up buying companies as "mere bookkeeping devices" to obtain unlawful lower prices in the form of volume discounts based on the aggregate purchases of all members.

A similar complaint was entered against National Parts Warehouse and its 56 jobber members.

Sears, Roebuck & Co. was charged with violating section 2(f) in purchasing plumbing and bathroom fixtures from Universal-Rundle Corp. The latter corporation was charged with violating section 2(a) in granting discriminatory prices to Sears, which owns 63 percent of Universal-Rundle's capital stock.

Another 2(f) proceeding involved March of Toys, Inc., and its wholesaler members. They were ordered to stop knowingly inducing or accepting unlawful price discriminations from suppliers.

#### Other Restraint of Trade Cases

In addition to the merger and discrimination cases, the antimonopoly -work of this Bureau included important proceedings against unfair practices in restraint of trade under section 5 of the Federal Trade Commission Act, and exclusive dealing arrangements under section 3 of the Clayton Act. One complaint was also issued against an interlocking directorate under section 8 of the Clayton Act, but was dismissed without prejudice when the interlocking directorship was discontinued. In a few instances the same proceedings included charges under both section 5 and section 3, and in a few cases a section 5 charge was included in Robinson-Patman complaints.

Significant restraint of trade cases under section 5 in fiscal 1961 included: the Commission's order requiring the Grand Union Co., East Paterson, N.J., a 340-store supermarket chain, to stop knowingly inducing Co. Co.Co. Co.n 5.76 0vitam 0 TD 39

enforcing, and threatening to enforce exclusive dealing and other restrictive agreements with distributors of its "Nutrilite Food Supplement." In a proceeding under section 3 against The Timken Roller Bearing Co., Canton, Ohio, the Nation's largest manufacturer and seller of tapered roller bearings was ordered to stop unlawfully requiring its distributors and jobbers not to handle competitive products in the replacement market.

## DECEPTIVE PRACTICE CASES

Deceptive practice cases in fiscal 1961 constituted, as they have consistently over the years, the greater number of matters litigated by the Commission. During the year, 292 complaints -were issued and 272 orders to cease and desist were entered.

Details of the actions in some of the more significant cases follow.

### Food, Drugs, and Therapeutic Devices

Vigorous action was taken under the provisions of section 12 of the Federal Trade Commission Act forbidding the false or misleading advertising of foods, drugs, and therapeutic devices. Among the respondents named in complaints issued during the year were a wholesale distributor of a large line of food supplements and drugs who claimed to exercise quality control in his production methods, and vendors of vitamins and drug products who claimed to grow hair and cure alcoholism and the common cold. Two sellers of sedatives were charged in separate complaints with law violation in representing as safe drugs which, the Commission alleged, were dangerous when taken by some individuals. Two truss manufacturers were cited for claiming that their devices would cure hernias, and the seller of an electric vibrator for claiming that his device would effectively treat diseases or abnormalities of the bones, joints, or respiratory or digestive systems of the body.

Of more than ordinary interest to the public were the complaints issued against Lanolin Plus, Inc., Approved Formulas, Inc., Phoenix Pharmaceutical Co. et al., and Vitalife Vitamins et al. Included in each of the complaints was the charge that, in offering their vitamin pills for tiredness, the respondents had misled consumers by failing to reveal the

sentation in making claims for speed of relief by Anacin, Bufferin, St. Joseph Aspirin, and Bayer Aspirin. The manufacturers of three of the preparations (Anacin, St. Joseph Aspirin, and Bayer Aspirin) each claimed, according to the complaints, that their product would relieve pain faster than any other analgesic available and offered for sale to consumers. Bufferin, the complaint against Bristol-Myers Co. alleged, has been advertised as relieving pain twice as fast as aspirin.

The truth is, the complaints alleged, there is no significant difference, in the rate of speed with which these analgesics relieve pain.

### Wearing Apparel and Textiles

Over 150 complaints and orders were recorded in cases involving the invoicing, labeling, and advertising of wearing apparel and its components. Furs continued to lead the parade of those commodities whose vendors preticket with fictitiously high prices.

Three respondents were in trouble because they were apparently unable to distinguish between Indian Madras and domestic cotton fabrics although, according to complaints issued against them, they affirmatively implied in advertising that they did know the difference and that the domestic cloth was Madras (Sun Fast Textiles, Inc., Ship'n Shore, Inc., and Churchill Sportswear (Co.). Agreements containing consent orders to cease and desist were accepted from the first two named.

Two complaints were issued against sellers of fabrics alleged not to meet the minimum burning time standards prescribed by the Flammable Fabrics Act (Ware Knitters, Inc., et al., and California Floral Manufacturing Co.). In an agreement containing a consent order to and cloth Fabrics 16 (6) Tj 0 36 ( ) Tj 5704 0 TD 0 Tc (Textilesscribed) Tj 54 0 TD ( ) Tj 3.12

## Home and Household Products

Proceedings in this category were concerned with the advertising or labeling of a wide variety of goods, including house paint, sewing machines, vacuum cleaners, lawnmowers, kitchen utensils, rubber gloves, furnace repairs, food wrapping, and carpets.

In a proceeding against Aluminum Co. of America, Inc., and a wholly owned subsidiary, Wear-Ever Aluminum, Inc, the respondents were alleged to have used false and misleading television commercials in demonstrating "New Super-Strength Alcoa Wrap."

Two hams were depicted, one in a wrinkled and torn wrapper and the other in a neat-appearing wrapper identified as "Alcoa Wrap." It was announced that the two hams had been wrapped and unwrapped the same number of times and that the ham in the ordinary wrapper would be dry and tasteless, while the "Alcoa" wrapped ham would be juicy and tasty.

The complaint alleged that the two hams had not been wrapped and unwrapped the same number of times, that the hams had been specially selected, the poorest looking for use in depicting the "ordinary" wrapper and the best looking to depict "Alcoa Wrap," and also that the "ordinary" wrapper had been deliberately torn and wrinkled, while the "Alcoa Wrap" had not been abused.

The companies and their advertising agents were ordered to cease, using demonstrations which purport to prove Alcoa Wrap's properties in preserving the quality or appearance of food, or its strength, durability, or any other characteristic, when such proof is not actually given.

Orders were issued to stop other allegedly deceptive television demonstrations used in advertising "Colgate Dental Cream with Gardol" by Colgate-Palmolive Co., "Schick Safety Razors" by Eversharp, Inc., and "Mennen Sof" Stroke Shaving Cream" by the Mennen Co.

The use of "scare" tactics and other selling methods alleged to be deceptive was involved in complaints which issued against two sellers of furnaces, Missouri-Kansas Furnace Co. and Davis Furnace Co.

In pending proceedings against The Quaker Oats Co., the respondent had been charged with misrepresenting that the briquets it manufactures from corncobs are "charcoal.")

The Commission alleges that the company has falsely described its briquets as "Chuck Wagon Charcoal Wheels," "Chuck Wagon Charcoal Briquets," and "Chuck Wagon Charcoal Briquets—real Hickory Flavor!"

The complaint contends that the public generally understands and believes that a product described as "charcoal" is made from wood and that use of the designation to describe briquets produced pri-

marily from corncobs is deceptive. Furthermore, it says, the company's use of the term "real Hickory Flavor" enhances this deception.

In another pending case, The Scott & Fetzer Co., one of the largest manufacturers of vacuum cleaners in the industry, faces charges that it had used fictitious pricing, "scare" tactics, and numerous other unfair practices to promote the sale of its "Kirby" vacuum cleaners.

One of the allegations is that Scott & Fetzer attempted to "scare" prospects by emphasizing that the germ-infested condition of their rugs and mattresses renders them highly dangerous to the prospect's family and that the "Kirby" will correct this condition. The Company also is charged with misrepresenting in "help wanted" advertisements that salaried jobs with guaranteed minimum earnings are available for qualified persons with its distributors and subdistributors.

### Books

Printed and oral representations regarding books offered for sale to the public engaged the attention of the Commission during the year. Holt, Rinehart & Winston, Inc., formerly Henry Holt & Co., Inc., was alleged in a Commission complaint to have made false, misleading, and deceptive claims in newspaper advertisements and other printed material for its book titled "Folk Medicine."

The publisher consented to order forbidding it to misrepresent that the regimen in the book cures numerous "nagging" ills and chronic ailments or diseases which defy conventional medical diagnosis and treatment.

Encyclopaedia Britannica, Inc., was ordered, after lengthy litigation, to stop selling its encyclopedia or other books, services, or merchandise through deceptive pricing, savings, and limited-time-only claims. The Commission found that, except in one type of cover, the set of books had sold for the same prices since 1949.

### Foreign Origin

Some vendors want their customers to think that domestic products offered for sale are imported. Other vendors want to conceal the fact that their products were foreign made. It all depends on the nature of the goods and the place where they did or did not come from.

In English Sportswear, Inc., the Commission has charged the company and two of its officers with misrepresenting that men's sport coats it manufactures in this country are made in and imported from England. This false impression, the complaint alleged, was created by the labeling and advertising description "English Sports Coat" for the garments, which were not even English styled

Other cases concerned the alleged deceptive offering of Dutch-made ski suits as Swiss, hats made in Japan in Philippine hemp as "Genuine Milan," and an American-made automotive oil additive developed by

U.S. companies as made in Germany using a formula developed by a German scientist, Hong Kong-made watchbands as American, and Japanese sunglasses as American.

#### Advertising of Hemorrhoid Remedies

An industrywide investigation, which will continue into fiscal 1962, of the advertising of products offered for the relief or treatment of hemorrhoids was initiated toward the end of the year.

Letters were sent to more than 100 makers of hemorrhoid products to determine whether their advertising may be exaggerating the efficacy of the products. Where the claims appear to overstate the merits of the product, the makers will be required, under special orders authorized by section 6 of the Federal Trade Commission Act, to give the Commission staff more detailed information on the evidence on which the claims are based.



## HEARING EXAMINERS

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When a formal complaint is issued by the Commission, it is assigned to a hearing examiner who has the responsibility of taking testimony in support of and in opposition to the allegations of the complaint. During the year, a staff of 16 examiners served the Commission.

The Administrative Procedure Act outlines the powers and duties of all hearing examiners in the Federal service, including the Federal Trade Commission. Their appointment and tenure are under the sole authority of the Civil Service Commission.

Hearing examiners have complete charge of cases from the time the Commission issues its complaint until the initial decision is rendered. They hold pretrial conferences; conduct hearings; rule upon offers of proof, admissibility of evidence, and all procedural and other interlocutory motions; and make and file an initial decision in each proceeding. In the performance of their duties as adjudication officers, hearing examiners are exempt from all direction, supervision, or control except for administrative purposes.

When a hearing examiner has completed the taking of testimony in any case, he allows the attorneys for both parties to file proposed findings of fact and draft of order. Thereafter he prepares and files an initial decision which, under the Administrative Procedure Act, becomes the decision of the Commission if no appeal is made from it by either of the parties, or if the Commission itself does not enter a stay order or put the case on its own docket for review. In any event, the decision of the hearing examiner becomes a part of the formal record and is taken into consideration by the Federal courts in any review of the case. His decision is given great weight because he is the man who, under the law, has the duty of listening to the witnesses and passing upon their credibility. The Commission may adopt, in whole or in part, the decision of the hearing examiner or may set it aside completely, in which case the Commission either rewrites the decision or remands it to the hearing examiner for the taking of further testimony.

Performance during fiscal 1961 shows that the Commission's hearing examiners handled a record number of cases; nevertheless at the

year's end the number to be disposed of had increased over the previous year, as shown by the following table:

Fiscal year	On hand	Received	Total handled	Disposed of	On hand	Hearing days
1955 .....	126	165	291	124	167	611
1956 .....	167	201	368	187	181	670
1957 .....	181	250	431	232	199	733
1958 .....	199	377	576	328	248	783
1959 .....	248	376	624	392	232	779
1960 .....	232	545	777	404	373	858
1961 .....	373	444	817	436	381	928 1/2

## OFFICE OF THE GENERAL COUNSEL

The General Counsel and the attorneys of his staff represent the Commission- as its counsel in all cases advancing beyond the agency, or otherwise arising in the courts. When Commission cases reach the Supreme Court, the legal services devolving upon the Commission are

mission Act and the antitrust laws, and preventing undue concentration of economic power.

### DIVISION OF SPECIAL LEGAL ASSISTANTS

The principal assignment of this Division is the preparation of documents needed to implement Commission decisions in adjudicative proceedings. The work includes the examination of formal records and reporting on them to the Commission or individual Commissioners.

Attorneys of the Division consult with Commissioners and staff members on questions of law, policy, and procedure in connection with all phases of the Commission's phases Tc 2. TD 0 Tc ( ) T

Law 86-107 to Clayton Act orders including those previously outstanding, and 2 were suits for injunction to restrain the Commission's actions.

The Supreme Court denied 10 petitions for certiorari to review courts of appeals decisions in favor of the Commission. It also denied a petition filed on the Commission's behalf to review an unfavorable decision. The Court granted 2 petitions, one filed on behalf of the Commission.

Cases open for further action at the close of the fiscal year comprised 4 in the Supreme Court, 39 in courts of appeals, and 4 in district courts. These included 23 antimonopoly, 15 deceptive-practice, 5 subpoena, and 4 miscellaneous matters.

The Division filed 41 briefs and memoranda upon the merits, and assisted in the preparation of 19 other briefs filed on the Commission's behalf by the Department of Justice. Twenty-eight arguments were made by the Division staff, and three others by the Department of Justice. Proceedings to obtain court orders enforcing subpoenas were initiated in 13 cases. In addition, approximately 175 other papers were filed in cases in Federal litigation. The Division made numerous other court appearances and participated in several conferences in chambers. It represented the Commission in 10 of the 11 U.S. courts of appeals, in the U.S. Court of Customs and Patent Appeals, and in 8 U.S. district courts.

## Antimonopoly Cases in Federal Courts

### In the Supreme Court

#### Decisions

There were no antimonopoly decisions in Commission cases by the Supreme Court this fiscal year. However, the Court denied a petition for rehearing filed by Henry Broch, & Co., Chicago, Ill.

#### Petition for certiorari granted

Henry Broch & Co., seller's broker's unlawful sharing of brokerage with customer in violation of section 2 (e) of the Clayton Act. Certiorari granted to review the Seventh Circuit's modification of the Commission's order.

#### Petition for certiorari denied

American Motor Specialties Co., New York, N.Y., price discrimination in the purchase of automotive products. Review of court of appeals decision (Second Circuit) affirming the Commission's order was denied

## Pending case

Mid-South Distributors, Inc., Memphis, Tenn., price discrimination in the purchase of automotive products. Petition for certiorari filed from Fifth Circuit decision affirming order of the Commission.

## In Courts of Appeals

### Decisions and other dispositions

Eight of the ten antimonopoly cases pending at the beginning of the year reached decision before its close.

Crown Zellerbach Corp., San Francisco, Calif. (Ninth Circuit), unlawful acquisition of competitor paper company. The Commission's order was affirmed.

Eric Sand & Gravel, Erie, Pa. (Third Circuit), unlawful acquisition of competitor. The court vacated the Commission's order of divestiture and remanded the case to the Commission for further consideration.

Swanee Paper Corp., Ramson, Pa. (Second Circuit), discriminatory payments for the benefit of a food chain in connection with the advertising and resale of petitioner's paper products. The Commission's order was modified and enforced.

Schick, Inc., Lancaster, Pa., and Sperry Road Corp., New York, N.Y. (D.C. Circuit). The court held that Public Law 86-107 did not apply to cease-and-desist orders issued prior to enactment of that statute.

Mid-South Distributors, Inc., Memphis, Tenn. (Fifth Circuit), price discrimination in the purchase of automotive products. The Commission's order was affirmed.

Thompson Ramo Wooldridge, Inc. (formerly known as Thompson Products, Inc.), Euclid, Ohio (sixth Circuit), price discriminations in the sale of automotive products. The petition to review the Commission's order was dismissed pursuant to stipulation.

Anheuser-Busch, St. Louis, Mo (Seventh Circuit), price discrimination between customers in different areas in sale of beer. On remand from the Supreme Court, the Court set aside the Commission's order and denied the Commission's motion for remand.

Venus Foods, Los Angeles, Calif. (Ninth Circuit), violation of of

Reynolds Metals Co., Richmond, Va. (D.C. Circuit), A. G. Spalding & Bros., Inc., Chicopee, Mass. (Third Circuit), both involving unlawful acquisitions of competing firms, and Sun Oil Co., Philadelphia, Pa. (Fifth Circuit), involving price discrimination in gasoline sales, remained pending at the close of the year

Hunter Mills Corp., New York, N.Y. (Second Circuit), misbranding of wool products and



gan City, Ind. (Seventh Circuit), deceptive practices in the solicitation and sale of magazine subscriptions, and Evis Manufacturing Co., San Francisco, Calif. (Ninth Circuit), false advertising of a water conditioning device.

Five cases arose and reached decision during the year. In three of these, the Commission's orders to cease and desist were affirmed and enforced: Nate Gellman, Minneapolis, Minn. (Eighth Circuit), distribution of punchboards designed for use in sale of merchandise; Clinton Watch Co., Chicago, Ill. (Seventh Circuit), fictitious pricing of watches and misrepresentation of guarantees thereon; Hoving Corp., New York, N.Y. (Second Circuit), misbranding and false and deceptive invoicing and advertising of fur products in

Wren Sales Co., Inc., Chicago, Ill. (Seventh Circuit), sales plans involving operation of

## In Courts of Appeals

### Decisions

Hunt Foods & Industries, Inc., Fullerton, Calif. (Ninth Circuit), the court affirmed the district court's enforcement of the Commission's subpoena. The Ninth Circuit also denied a petition for rehearing by Flotill Products, Inc., Stockton, Calif.

### Pending case

Elmer C. Adams, Sr. & Elmer C. Adams, Jr., St. Louis, Mo. (Eighth Circuit), on cross-appeals from decisions of district court, *infra*.

## In District Courts

### Decisions and other dispositions

The district courts enforced the Commission's subpoenas in Norwood's, Inc., Northampton, Mass. (District of Massachusetts); Cumberland Farm Dairy, Inc., Woonsocket, R.I. (District of Rhode Island); Television Service Association of Delaware Valley, Philadelphia, Pa. (Eastern District of

Suits Against the Commission in Federal Courts

In Courts of Appeals

Decisions

NOTE.-Violation of a cease-and-desist order makes a respondent liable to civil penalty up to \$5,000 for each violation. Where the violation continues, each day of its continuance is a separate offense.

Penalty proceedings during fiscal 1961

Pending July 1, 1960 .....	11
Filed during year .....	21
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Total for disposition .....	32
Disposed of during year .....	5
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Pending June 30, 1961 .....	27
Certified, not yet filed .....	8

Summary of civil suits since 1947<sup>1</sup>

Fiscal year	Total Judgments	Suits certified to the Attorney General	Fiscal Year	Total Judgments	Suits certified to the Attorney General
1947 .....	\$38,000.00	1	1956 .....	\$19,342.70	9
1948 .....	.....	0	1957 .....	24,704.60	12
1949 .....	16,900.00	0	1958 .....	21,557.38	11
1950 .....	7,000.00	9	1959 .....	55,650.00	10
1951 .....	80,000.00	1	1960 .....	39,300.00	25
1952 .....	11,600.00	5	1961 .....	38,000.00	33
1953 .....	59,538.20	3			
1954 .....	8,950.00	2	Total .....	<hr/> 460,675.57	
1955 .....	40,132.69	11			

<sup>1</sup> This Division was established In May 1947.

Civil Penalty Cases Concluded

Americana Corp. (Md.). Misrepresentations made in connection with the sale of encyclopedias and other books. Judgment for \$16000.

Crown Manufacturing Co., Inc. (E.D. Pa) 0 (E (460,675.57) 9,675.57. Sale of...

Maurice J. Lennett (Mass.). Failure to disclose prior use of automobile springs.

Fong Poy (N.D. Calif.). Misrepresentation of herbs and drugs sold for use in the treatment of various diseases.

Superior Wool Batting Corp. (E.D.N.Y.). Misbranding of wool batting.

National Training Service, Inc., et al. (Conn.). Misrepresentation of courses of study designed to prepare purchasers thereof for examination for civil service positions.

United States Printing & Novelty Company (S.D.N.Y.). Sale of lottery devices.

Kenneth R. Ogle (S.D. Ohio). Misrepresentations of photographic albums and certificates for photographs.

Sears, Roebuck & Co. (D.C.). Misrepresentations of savings afforded purchasers of automobile tires.

Sterling Materials Co., Inc. (E.D.N.Y.) Misrepresentation of roofing and foundation paints.

Ohmlac Paint & Refining Co. (E.D.N.Y.). Misrepresentation of roofing and foundation paints.

Carbozite Protective Coatings, Inc. (E.D.N.Y.). Misrepresentation of roofing and foundation paints.

National Toilet Co. (Tenn.) Misrepresentation of a cosmetic preparation.

Harold Schiff et al. (Md.). Bait and switch advertising of vacuum cleaners.

Empire Press, Inc. (N.D. Ill.). Sale of lottery devices.

Magic Weave, Inc. (Mass.). Misrepresentations of a reweaving kit and course of instruction.

George's Radio & Television Co., Inc. (D.C.). Misrepresentation of regular price of television sets.

Doris Savitch (E.D.N.Y.). Misrepresentation of a drug preparation.

Permanent Stainless Steel, Inc. (S.D. Tex.) Misrepresentation of stainless-steel cooking utensils.

L. M. Clothing Co., Inc., et al. (S.D.N.Y.). Misbranding of wool products.

Matthew B. Huttner et al. (S.D.N.Y.). Failure to reveal that books had previously been published under different titles.

Leonard Melley (D.C.). Misrepresentation of encyclopedias.

Gerald .C. Burd (N.D. Calif.). Misrepresentation of cooking equipment and supplies therefor.

Lewis I. Heater et al. (N.D. Calif.). Misrepresentation of a correspondence course designed to train purchasers in the field of motel management.

Gene J. Davidson (E.D. Pa.). Misrepresentation of vending machines.

Woody Fashions, Inc., et al. (S.D.N.Y.). Misbranding of wool products.

Columbia Alkali Corp. et al. (N.D. Ohio, E.D.). Penalties for violations of order prohibiting concerted price-fixing and related activities.

In all civil penalty cases the Division prepares for transmission with the certification to the Attorney General, for filing in the U.S. district court all the necessary pleadings and a trial memorandum, and offers full aid of its attorneys in prosecution and trial of the case. Usually the offer is accepted and the Division attorneys not only fully participate but often solely conduct the trials. They also prepare all necessary further pleadings and briefs for filing with the court, which includes requests for admissions, interrogatories, objections, motions, and court findings, and personally arrange and take all necessary oral depositions of those witnesses who cannot be subpoenaed to appear personally.

The primary objective is to obtain compliance with orders rather than to exact a large number of civil penalty judgments. This cannot be achieved without prompt application of civil penalty procedures when compliance apparently cannot be obtained otherwise.

Experience shows that a respondent may be in compliance today and in violation 3 or 4 years hence, and that without reasonable and continued surveillance approximately 70 percent of such orders would have no meaning or effect. In at least 70 percent of the compliance cases handled it is necessary to do much more than analyze and file reports. In about two-thirds of the cases<sup>nces</sup>

During fiscal 1961 this Division conducted a survey of identical bidding by manufacturers of steel products in connection with proposals for sealed bids from public agencies, and considerable documentary evidence relating to the question of compliance by the more than 70 steel manufacturers subject to the Commission's cease-and-desist order against the steel industry (American Iron & Steel Institute et al., docket 5508) is currently under study.

Also, in connection with the Commission's order in Cement Institute et al., docket 3167, an industrywide price-fixing conspiracy matter, detailed information and data have been secured relating to identical delivered prices, uniform terms of sale, trucking policies, and other trade practices of the respondent cement producers in certain areas, which are being analyzed to determine whether, and to what extent, the cease-and-desist order



Matters

	Fiscal 1961
Total pending July 1, 1960 .....	1,880
Received during year .....	<u>472</u>
Total for disposition during year .....	3,352
Disposed of during year .....	<u>1,315</u>
Total pending June 30, 1961 .....	2,037

Cases

## LEGISLATION

The General Counsel, as principal legal adviser to the Commission, with the primary assistance of an Assistant General Counsel who specializes in this field, advises and assists the Commission upon legislative matters.

No legislation directly relating to the Commission was enacted by the Congress during the

of the quantitative formula of the drug, its side effects, contraindications and its efficacy. The Commission has stressed that with the recent advances in the drug industry, resulting in many new miracle drugs, advertisements thereof addressed to the medical profession should reveal full information as to the possible effects of such drugs on the human body and health.

In the course of legislative work during the fiscal year 1960-61, the Commission reported on 28 bills and legislative proposals. In addition, oral presentation and participation were made with regard to 13 bills or items of congressional committee consideration.

## CONSULTATION

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Securing voluntary compliance with Commission laws on an industrywide basis is the primary mission of this Bureau.

The principal tools used in accomplishing this objective are Guides and Trade Practice Rules. Other means involve the negotiation of stipulation agreements and individual advice to small businessmen.

These voluntary procedures are extremely effective in supporting any genuine desire of businessmen to compete fairly. In securing the maximum amount of industrywide voluntary law observance, two desirable results are achieved: (1) competitive inequities are minimized, and (2) consumers are benefited by the elimination of unfair practices, principally false advertising.

Further explanation of the functions and accomplishments of this Bureau follow.

### DIVISION OF TRADE PRACTICE CONFERENCES

This Division is responsible for administering the Commission's trade practice conference program. Its primary objective is to obtain expeditious industrywide voluntary compliance with laws administered by the Commission. The results of this work considerably reduce the need for mandatory processes, and the expense and competitive inequities incident thereto.

The Division's endeavors fall in three categories: (1) the establishment and revision of trade practice rules, (2) obtaining compliance Lit with rules, and (3) interpretive and educational work under the rules.

#### Rulemaking

Proceedings to establish trade practice rules usually commence with an application received from a particular industry. This proposal is considered from the standpoint of effecting and maintaining substantial improvement in law observance by members of the industry. The Commission normally authorizes proceedings in those instances where it appears that the interests of the industry will be constructively advanced on sound competitive principles and better law observance achieved. Trade practice rule proceedings also may be initiated by the Commission.

Upon authorization, the first step in the proceeding is an industry conference where all industry members are afforded opportunity to propose and discuss appropriate trade practice rules for their industry. After considering this information and other relevant facts, a draft of proposed rules is submitted to the Commission for release for a public hearing. After the public hearing a study is made of the entire record and final rules are submitted to the Commission with the recommendation that they be approved and issued.

#### Accomplishments During Fiscal 1961

New rules were promulgated for the Fluorocarbons Industry, and revised rules were promulgated for the Hosiery Industry and the Poultry Hatching and Breeding Industry.

Trade practice conferences were held for the Residential Aluminum Siding Industry, Pleasure Boat Industry, Florida, Fresh Citrus Fruit Industry, Stationers' Industry, Household Furniture Industry, and Fresh Fruit and Vegetable Industry.

Public hearing was held in Citrus Industry. 2.4 0 TD -0.0795 Tc (IndusTj 2.4 0 nd revised rules

Educational work designed to effect voluntary compliance included the holding of conferences with department stores and chain drug and variety stores in Chicago, Phoenix, Los Angeles, and San Francisco. Staff members discussed the advertising and sale of jewelry articles and watches as well as the Commission's Guides on pricing, guarantees, bait advertising, and advertising allowances. The conferences were arranged in cooperation with various trade associations, including the National Retail Merchants Association and the Better Business Bureaus.

Statistics relating to rule compliance activities during fiscal 1961 are as follows:

Compliance matters pending July 1, 1960 .....	361
New compliance matters initiated during the year .....	570
	<hr/>
Total for disposition .....	931
Disposed of during year .....	513
	<hr/>
Pending June 30, 1961 .....	418

Statistics relating to rule interpretation work during fiscal 1961 are as follows:

Rule interpretation matters pending July 1, 1960 .....	40
Rule Interpretations received during fiscal 1961 .....	263
	<hr/>
Total for disposition .....	303
Rule Interpretations effected during fiscal 1961 .....	286
	<hr/>
Rule Interpretation matters on hand June 30, 1961 .....	17

### DIVISION OF STIPULATIONS

This Division administers the program for obtaining voluntary law observance through the negotiation of stipulations to cease and desist. The stipulation procedure is designed to afford an informal means whereby a person charged with a violation of the law may voluntarily agree to a stipulation to cease and desist from the violation. The stipulation procedure is designed to afford an informal means whereby a person charged with a violation of the law may voluntarily agree to a stipulation to cease and desist from the violation.



The Division's work on all of the above Guides during the fiscal year resulted in the disposition of 845 individual cases, the furnishing of 335 individual interpretations, and the distribution of 116,126 copies of all the Guides.

During the year, Bureau officials conducted citywide meetings with businessmen in various cities throughout the country to discuss in detail the requirements of the Guides in particular and



sales where only the second tire was offered at half-price; savings mathematically misrepresented by means of trick computations; guarantee advertising where many advertisers were failing to disclose that their guarantees were prorated and where it appeared that the proration was based on

## ECONOMICS

The functions of this Bureau are to give economic and statistical assistance to the Commission in its investigative and trial work and to make economic studies for publication in response to requests by the President, by Congress, or by the Commission. As of June 30, 1961, all economic and statistical assistance and research work was conducted through the Division of Economic Evidence and Reports.

### DIVISION OF ECONOMIC EVIDENCE AND REPORTS

This Division at the request of other bureaus of the Commission, prepares economic exhibits, analyzes economic evidence, compiles statistical materials, and assists in the formulation of requests for economic data. For example, economic and clerical assistance was given in the investigations and trial of merger cases, and statistical advice was given concerning the investigation of television and radio rating organizations.

Work on "Part

was the and of

The individual independent grower under contract is the principal source of fruits and vegetables for the freezer. In 1959 more than 75 percent of the green peas, spinach, strawberries, and potatoes were so obtained. Other sources included facilities operated by the freezers themselves and marketing cooperatives.

The freezers made more acquisitions in 1959 than in any of the previous years. In contrast with 64 acquisitions by 33 companies between 1950 and 1959, in the latter year alone 12 companies acquired 10 processing facilities, 2 distributing and warehousing facilities, and 4 farms. The acquiring freezers ranged in size from medium to large.

The foregoing represent only preliminary findings. When the analysis of all forms has been completed, a more comprehensive picture will have been developed of the market structure of the frozen fruit and vegetable industry and the marketing patterns between freezers and large chains, other food retailers, and other outlets. The data also will cover promotional payments, contract terms, production, inventory information, and financial data. The final report will analyze various interrelationships among freezers and between freezers and retailers.

APPROPRIATIONS AND  
FINANCIAL OBLIGATIONS


## APPENDIXES

## Federal Trade Commission- 1915-61

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 Rublee	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. 1, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov. 14, 1927-Nov. 15, 1949.
Charles H. March	Minnesota	Feb. 1, 1929-Aug. 28, 1945.
Ewin L. Davis	Tennessee	May 26, 1933-Oct. 23, 1949.
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-Feb. 17, 1952.
Robert E. Freer	Ohio	Aug.27, 1935-Dec. 31, 1948.
Lowell B. Mason	Illinois	Oct.15, 1945-Oct. 31, 1956.
John Carson	Michigan	Sept.28,1949-March 31, 1953
James M. Mead	New York	Nov. 16, 1949-Sept. 25, 1955.
Stephen J. Spingarn	New York	Oct. 25, 1950-Sept. 25, 1953.
Albert A. Carretta	Virginia	June 18, 1952-Sept. 25,1954.
Edward F. Howrey	Virginia	April 1, 1953-Sept. 12, 1955.
John W. Gwynne	Iowa	Sept. 26, 1953-May 31,1959.
Robert T. Secrest	Ohio	Sept. 26, 1954-.
Sigurd Anderson	South Dakota	Sept. 12, 1955-.
William C. Kern	Indiana	Sept. 26, 1955-.
Edward T. Tait	Pennsylvania	Nov. 2, 1956-Oct. 31, 1960.
Earl W. Kintner	Indiana	June 9, 1959-Mar. 20, 1961.
Paul Rand Dixon	Tennessee	Mar. 21, 1961-.
Philip Elman	Maryland	April 21, 1961-.

## Statutes Pertaining to the Federal Trade Commission

The authority and powers of the Federal Trade Commission In the main are drawn from the following statutes:

1. Federal

created and established, to be known as the Federal Trade Commission (hereinafter referred to as the commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue In office for terms of three, four, five, six, and seven years, respectivelys

Until otherwise-provided by law, the commission may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the commission.<sup>6</sup>

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 the commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the commission in the exercise of the powers, authority, and duties conferred on it by this Act.

The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its power at any other place. The Commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 4. The words defined in this section shall have the following meaning when found in this



for the Government, and for other purposes," approved February 12, 1913; and also the Act entitled "An Act 6 supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914.

SEC. 5. (a) (1) Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful.

(2) Nothing contained in this Act or In any of the Antitrust Acts shall render unlawful any contracts or agreements prescribing minimum or stipulated prices, or requiring a vendee to enter into contracts or agreements prescribing minimum or stipulated prices, for the resale of a commodity which bears, or the label or container of which bears, the trade-mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia In which such resale is to be made, or to which the commodity is to be transported for such resale.

(3) Nothing contained In this Act or in any of the Antitrust Acts shall render unlawful the exercise or the enforcement of any right or right of action created by any statute, law, or public policy now or hereafter In effect In any State, Territory, or the District of Columbia, which In substance provides that willfully and knowingly advertising, offering for sale, or selling any commodity at less than the price or prices prescribed in such contracts or agreements whether the person so advertising, offering for sale, or selling is or is not a party to such a contract or agreement, is unfair competition and is actionable at the suit of any person damaged thereby.

(4) Neither the making of contracts or agreements as described in paragraph (2) of this subsection, nor the exercise or enforcement of any right or right of action as described In paragraph (3) of this subsection shall constitute an unlawful burden or restraint upon, or interference with, commerce.

(5) Nothing contained in paragraph (2) of this subsection shall make lawful contracts or agreements providing for the establishment or maintenance of minimum or stipulated resale prices on any commodity referred to In paragraph (2) of this subsection, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other.

(6) The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers subject to the Acts to regulate commerce, air carriers, and foreign air carriers subject to the Civil Aeronautics Act of 1938, and persons, partnerships, or corporations insofar as they are subject to the Packers and Stockyards Act, 1921, as amended, except as provided In section 406 (b) of said Act, from using unfair methods of competition In commerce and unfair or deceptive acts or practices in commerce.<sup>7</sup>

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<sup>7</sup> Public No. 542, 82d Cong., ch. 745, 2d sess., H.R. 5767, approved July 14, 1952 (the McGuire Act, 15 U.S.C. 45, 66 Stat. 631), amended sec. 5(a) of this act, by Inserting In lieu thereof see. 5(a) (1) through (6).

Theretofore, by subsection (f) of sec. 1107 of the "Civil Aeronautics Act of 1938," approved June 23, 1938, Public No. 706, 75th Cong., ch. 60.1, 3d sess., S. 3845, 52 Stat. 1028, the language of former sec. 5(a) was amended by Inserting Immediately following the words "to regulate commerce," the words "air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938," as above set out In sec. 5 (a) (6).

Public No. 85-909, 85th Cong., H.R. 9020, approved Sept. 2, 1958, amended the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 296, 227, and 72 Stat. 1749, 1750) by striking out subsec. (b) of sec. 406 and Inserting In lieu thereof the following:

“(b) The Federal Trade Commission shall have power and jurisdiction over any matter involving meat, meat food products, livestock products In unmanufactured form, or poultry

(b) Whenever the Commission shall have reason to believe that any such person, partnership, 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 appear to the Commission that a proceeding by it in respect thereof would be In 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 day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to Intervene and appear in said proceeding by counsel or In person. The testimony in any such proceeding shall be reduced to writing and filed In the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice in question is prohibited by this Act, it shall make a report in writing in which it shall state its findings as to the facts and shall Issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, If no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the record In the proceeding has been filed In a court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice and in such manner as It shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this products, which by this Act to made subject to the power or jurisdiction of the Secretary, as follows:

"(1) When the Secretary in the exercise of his duties requests of the Commission that It make Investigations and reports In any case.

"(2) In any Investigation of, or proceeding for the prevention of, an alleged violation of any Act, and base administered by the Commission, arising out of 6280.017 Pc (out) Tj T Fw (administ 33e24eTD 0 Tc Tc 0.0048 Tw

section.<sup>8</sup>

(e) Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

(f) Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or the president, secretary, or other executive officer or a director of the corporation to be served; the

t C o m m i s s a t b y s h a e l l ( c o b y e n a l w h e i s o c

denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such

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 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 of the commission may administer oaths and affirmations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the

Jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the commission made in pursuance thereof.

The Commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. and witnesses whose depositions are taken, and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or, otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, 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 inquiry, or to answer any inquiry, shall be liable to a fine of not more than \$1000, or to imprisonment for not more than six months, or to both such fine and imprisonment, at the discretion of the court.

and every day of the continuance of such failure, which forfeiture shall be payable into





(2) In the case of oleomargarine or margarine an advertisement shall be deemed misleading in a material



Trade Commission of such determination, the reasons therefor, and the acts or transactions involved, and shall not exercise power or Jurisdiction with respect to acts or transactions involving oleomargarine or retail sales of meat, meat food products, livestock products in unmanufactured form, or poultry products if the Commission within ten days from the date of receipt of such notice notifies the Secretary that there is pending in the Commission an investigation of, or proceeding for the prevention of, an alleged violation of any Act administered by the Commission involving the same subject matter.

(e) The Secretary of Agriculture and the Federal Trade Commission shall include in their respective annual reports information with respect to the administration of subsections (b) and (d) of this section."

SEC. 2. Said Act is further amended-

(1) by striking out the words "at a stockyard" from sections 301 (c) and 301 (d)

(2) by striking out the last sentence of section 302 (a) : Provided, However, That nothing herein shall be deemed a definition of the term "public stockyards" as ~~used~~ section of the

cludes the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety; sections seventy-three to seventy-seven, inclusive of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," of August twenty-seventh, eighteen hundred and ninety-four; an Act entitled "An Act to amend section seventy-three and seventy-six of the Act of August twenty-seventh, eighteen hundred and ninety-four, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," approved February twelfth, nineteen hundred and thirteen; and also this Act.

"Commerce," as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States: Provided, That nothing in this Act contained shall apply to the Philippine Islands.

The word "Person" or "persons" wherever used in this Act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country.

SEC. 2. DISCRIMINATING IN PRICE, SERVICE, OR FACILITIES.<sup>2</sup> (49 Stat. 1526; 15 U.S.C.A., sec. 13, as amended.)

SEC. 2.. (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality, where either or any of the purchases involved in such discrimination are in commerce, where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, and where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them: Provided, That nothing herein contained shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered: Provided, however, That the Federal Trade Commission may, after due investigation and hearing to all interested parties, fix and establish quantity limits, and

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<sup>2</sup> This section of the Clayton Act contains the provisions of the Robinson-Patman Anti-Discrimination Act, approved June 19, 1936, amending Section 2 of the original Clayton Act, approved Oct. 15, 1914.

Section 4 of said Act provides that nothing therein "shall prevent a cooperative association from returning to its members, producers, or consumers the whole, or any part of, the net earnings or surplus resulting from its trading operations, in proportion to their purchases or sales from, to, or through the association."

Public No. 550, 75th Congress, approved May 26, 1938, to amend the said Robinson-Patman Act, further provides that nothing therein "shall apply to purchases of their supplies for their own use by schools, colleges, universities, public libraries, churches, hospitals, and charitable institutions not operated for profit."



SEC. 3. TYING OR EXCLUSIVE LEASES, SALES, OR CONTRACTS. (38 Stat. 731; 15 U.S.C.A., sec. 14.)

SEC. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from or rebate upon, such price, on the condition, agreement or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

SEC. 4. VIOLATION OF ANTITRUST LAWS-DAMAGES. (38 Stat. 731; U.S.C.A., sec. 15.)

SEC. 4. That any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides, or is found, or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee.

SEC. 4A.<sup>3</sup> Whenever the United States is hereafter injured in its business or property by reason of anything forbidden in the antitrust laws it may sue therefor in the United States district court for the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover actual damages by it sustained and cost of suit.

SEC. 4B. Any action to enforce any cause of action under sections 4 or 4A shall be forever barred unless commenced within four years after the cause of action accrued. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act.

SEC. 5. PROCEEDINGS BY OR IN BEHALF OF UNITED STATES UNDER ANTITRUST LAWS. FINAL JUDGMENTS OR DECREES THEREIN AS EVIDENCE IN PRIVATE LITIGATION. INSTITUTION THEREOF AS SUSPENDING STATUTE OF LIMITATIONS. (38 Stat. 731; 15 U.S.C.A., sec. 16.)

SEC. 5. (a) A final judgment or decree heretofore or hereafter rendered in any civil or criminal proceeding brought by or on behalf of the United States under the antitrust laws to the effect that a defendant has violated said laws shall be prima facie evidence against such defendant in any action or proceeding brought by any other party against such defendant under said laws or by the United States under section 4A, as to all matters respecting which said judgment or decree would be an estoppel as between the parties thereto: Provided, That this section shall not apply to consent judgments or decrees entered before any testimony has been taken or to judgments or decrees entered in actions under Section 4A.

(b) Whenever any civil or criminal proceeding is instituted by the United States to prevent, restrain, or punish violations of any of the antitrust laws, but not including an action under section 4A, the running of the statute of limitations in respect of every section 4A, the running of the statute of limitations in respect

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<sup>3</sup> Sec. 4A, 4B, 5 (a) and 5 (b) were added by Pub. Law 137, approved July 7, 1955, 69 Stat. 282, 283.

of every private right of action arising under said laws and based in whole or in part on any matter complained of in said proceeding shall be suspended during the pendency thereof and for one year thereafter: Provided, however, That whenever the running of the statute of limitations in respect of a cause of action arising under section 4 is suspended hereunder, any action to enforce such cause of action shall be forever barred unless commenced either within the period of suspension or within four years after the cause of action accrued.

**SEC. 6. LABOR OF HUMAN BEINGS NOT A COMMODITY OR ARTICLE OF COMMERCE. (38 Stat. 731; 15 U.S.C.A., see. 17.)**

SEC. 6. That the labor of a human being is not a commodity or article of commerce. Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws.

**SEC.7. ACQUISITION BY CORPORATION OF STOCK OR OTHER SHARE CAPITAL OF OTHER CORPORATION OR CORPORATIONS. (38 Stat. 731; 15 U.S.C.A., sec. 18.)**

SEC.<sup>4</sup> That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of another corporation engaged also in commerce, where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly.

No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital and no corporation subject to the jurisdiction of the Federal Trade Commission shall acquire the whole or any part of the assets of one or more corporations engaged in commerce, where in any line of commerce in any section of the country, the effect of such acquisition, of such stocks or assets, or of the use of such stock by the voting or granting of proxies or otherwise, may be substantially to lessen competition, of voting corpora of granting any



constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: Provided, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Civil Aeronautics Board, Federal Communications Commission, Federal Power Commission, Interstate Commerce Commission, the Securities and Exchange Commission in the exercise of its jurisdiction under section 10 of the Public Utility Holding Company Act of 1935, the United States Maritime Commission, or the Secretary of Agriculture under any statutory provision vesting such power in such Commission, Secretary, or Board.

#### SEC. 8. INTERLOCKING DIRECTORS, OFFICERS, OR EMPLOYEES OF BANKS AND DIRECTORS OF OTHER





banks,

occurred or within which such person resides or carries on business, by filing in the court, within sixty days after the date of the service of such order, a written petition praying that the order

board may thereafter modify or set aside its order to

an inhabitant, but also in any district wherein it may be found or transact, business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found.

**SEC.13. SUBPOENAS FOR WITNESS IN PROCEEDINGS BY OR ON BEHALF OF THE UNITED STATES UNDER ANTITRUST LAWS. (38 Stat. 736; 15 U.S.C.A., sec. 23.)**

SEC. 13. That in any suit, action, or proceeding brought by or on behalf of, the United States subpoenas for witnesses who are required to attend a court of the United States in any judicial district in any case, civil or criminal, arising under the antitrust laws may run into any other district: Provided, That in civil cases no writ of subpoena shall issue for witnesses living out of the district in which the court is held at a greater distance than one hundred miles from the place of holding the same without the permission of the trial court being first had upon proper application and cause shown.

**SEC. 14. VIOLATION BY CORPORATION OF PENAL PROVISIONS OF ANTITRUST LAWS. (38 Stat. 736; 15 U.S.C.A., sec. 24.)**

SEC. 14. That whenever a corporation shall violate any of the penal provisions of the antitrust laws, such violation shall be deemed to be also that of the individual directors, officers, or agents of such corporation who shall have authorized, ordered, or done any of the acts constituting in whole or in part such violation, and such violation shall be deemed a misdemeanor, and upon conviction therefor of any such director, officer, or agent he shall be punished by a fine of not exceeding \$6,000 or by imprisonment for not exceeding one year, or by both, in the discretion of the court.

**SEC. 15. JURISDICTION OF UNITED STATES DISTRICT COURTS TO PREVENT AND RESTRAIN VIOLATIONS OF THIS ACT. (38 Stat. 736; 15 U.S.C.A., sec. 25.)**

SEC. 15. That the several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this Act, and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition, the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition, and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises. Whenever it shall appear to the court before which any such proceeding may be pending that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned whether they reside in the district in which the court is.

when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: Provided, That nothing herein contained shall be construed to entitle any person, firm, corporation, or association, except the United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the interstate Commerce Commission.

SEC. 17. PRELIMINARY INJUNCTIONS, TEMPORARY RESTRAINING ORDERS. (38 Stat. 737;



deem proper, conditioned upon the payment of such costs and damages as may be incurred or suffered by any party who may be found to have been wrongfully enjoined or restrained thereby.

SEC. 19. ORDERS OF INJUNCTION OR RESTRAINING ORDERS-REQUIREMENTS. (38 Stat. 738; 28 U.S.C.A., sec. 383.)

SEC. 19.<sup>10</sup> That every order of injunction or restraining order shall set forth the reasons for the issuance of the same, shall be specific in terms, and shall describe in reasonable detail, and not by reference to the bill of complaint or other document, the act or acts sought to be restrained, and shall be binding only upon the parties to the suit, their officers, agents, servants, employees and attorneys, or those in active concert or participating with them, and who shall, by personal service or otherwise, have received actual notice of the same.

SEC. 20.



SEC. 23. EVIDENCE, APPEALS. (38 Stat. 739; 28 U.S.C.A., sec. 388.)

SEC. 23.<sup>13</sup> That the evidence taken upon the trial of any persons so accused may, be preserved, by bill of exceptions, and any judgment of conviction may be reviewed upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require.

# Flammable Fabrics Act

(Approved June 30, 1953 ; 67 Stat. 111; 15 U. S. C. Sec. 1191)

[PUBLIC—No. 88—83D CONGRESS, CH. 164-1ST SESS.]

[H.R. 5069]

AN ACT To prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn by individuals, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

(b) The sale or the offering for sale, in commerce, or the importation into the United States, or the introduction, delivery for introduction, transportation or causing to be transported in commerce or for the purpose of sale or delivery after sale in commerce, of any fabric which under the provisions of section 4 of this Act is so highly flammable as to be dangerous when worn by individuals, shall be unlawful and shall be an unfair method of competition and an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act.

(c) The manufacture for sale, the sale, or the offering for sale, of any article of wearing apparel made of fabric which under section 4 is so highly flammable as to be dangerous when worn by individuals 4

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## PENALTIES

SEC. 7. Any person who willfully violates section 3 or 8 (b) of this Act shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$5,000 or be Imprisoned not more than one year or both in the discretion of the court: ( ) Tj u 210.48 0 e

course of its business; or (b) to any converter,



(2) any yarn or fabric, whether in the finished or unfinished state, used or intended for use in household textile articles; and

(3) any household textile article made in whole or in part of yarn or fabric; except that such term does not include a product required to be labeled under the Wool Products Labeling Act of 1939.

(i) The term "affixed" means attached to the textile fiber product in any manner.

(j) The term "Commission" means the Federal Trade Commission.

(k) The term "commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation or between the District of Columbia and any State or Territory or foreign nation.

(l) The term "Territory" includes the insular possessions of the United States, and also any Territory of the United States.

(m) The term "ultimate consumer" means a person who obtains a textile fiber product by purchase or exchange with no intent to sell or exchange such textile fiber product in any form.

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distributor, or seller of the textile fiber product to which the false or deceptive advertisement

(4) if it is an imported textile fiber product the name of the country where processed or manufactured.

(c) For the purposes of this Act, a textile fiber product shall be considered to, be falsely or deceptively advertised if any disclosure or implication of fiber content is made in any written advertisement which is used to aid, promote, or assist directly or indirectly in the sale or offering for sale of such textile fiber product, unless the same information as that required to be shown on the stamp, tag, label, or other identification under section 4(b) (1) and (2) is contained in the heading, body, or other part of such written advertisement, except that the percentages of the fiber present in the textile fiber product need not be stated.

(d) In addition to the information required in this section, the stamp, tag, label, or other means of identification, or advertisement may contain other information not violating the provisions of this Act.

(e) This section shall not be construed as requiring the affixing of a stamp, tag, label, or other means of identification to each textile fiber product contained in a package if (1) such textile fiber products are intended for sale to the ultimate consumer in such package (2) such package has affixed to it a stamp, tag, label, or other means of Identification bearing, with respect to the textile fiber products contained therein, the information required by subsection (b), and (3) the information on the stamp, tag, label, or other means of identification affixed to such package is equally applicable with respect to each textile fiber product contained therein.

(f) This section shall not be construed as requiring designation of the fiber content of any portion of fabric, when sold at retail, which is severed from bolts, pieces, or rolls of fabric labeled in accordance with the provisions of this section. at the time of such sale: Provided, That if any portion of fabric severed from a bolt, piece, or roll of fabric is in any manner represented as containing percentages of natural or manufactured fibers, other than that which is set forth. on the labeled bolt, piece, or roll, this section shall be applicable thereto, and the information required shall be separately set forth and segregated as required by this section.

(g) For the purposes of this Act, a textile fiber product shall be considered to. be falsely or deceptively advertised if the name or symbol



(d) The Commission is authorized to cause inspections, analyses, tests, and examinations to be made of any product subject to this Act.

#### INJUNCTION PROCEEDINGS

SEC. 8. Whenever the Commission has reason to believe—

(a) that any person is doing, or is about to do, an act which by section 3, 5, 6, 9, or 10 (b) is declared to be unlawful; and

(b) that it would be to the public interest to enjoin the doing of such act until complaint is issued by the Commission under the Federal Trade Commission Act and such complaint is dismissed by the Commission or set aside by the court on review or until an order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act, the Commission may bring suit in the district court of the United States or in the United States court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin the doing of such act and upon proper showing a temporary injunction or restraining order shall be granted without bond.

#### EXCLUSION OF MISBRANDED TEXTILE FIBER PRODUCTS

SEC. 9. All textile fiber products imported into the United States shall be stamped, tagged, labeled, or otherwise identified in accordance with the provisions of section 4 of this Act, and all invoices of such products required pursuant to section 484 of the Tariff Act of 1930, shall set forth, in addition to the matter therein specified, the information with respect to said products required under the provisions of section 4(b) of this Act, which information shall be in the invoices prior to their certification, if such certification is required pursuant to section 484 of the Tariff Act of 1930. The falsification of, or failure to set forth the required information in such invoices,

to be sold to buyer by seller in a form as the Commission, by rules and regulations, may prescribe; or (3) a continuing guaranty filed with the Commission applicable to all textile fiber products handled by a guarantor in such form as the Commission by rules and regulations may prescribe.

(b) The furnishing of a false guaranty, except

#### SEPARABILITY CLAUSE

SEC. 13. If any provision of this Act, or the application thereof to any person, as that term is herein defined, is held invalid, the remainder of the Act and the application of the remaining provisions to any person shall not be affected thereby.

#### APPLICATION OF EXISTING LAWS

SEC. 14. The provisions of this Act shall be held to be in addition to, and not In substitution for or limitation of, the provisions of any other Act of the United States.

#### EFFECTIVE DATE

SEC. 15. This Act shall take effect eighteen months after enactment, except for the promulgation of rules and regulations by the Commission, which shall be promulgated within nine months after the enactment of this Act. The Commission shall provide for the exception of any textile fiber product acquired prior to the effective date of this Act.

Approved September 2, 1958.

## General Investigations by the Commission, since 1915

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.<sup>1</sup> They were made at the request of the President, the Congress, the Attorney General, Government agencies, or on motion of the Commission pursuant to the Federal Trade Commission Act.

Reports on these inquiries in many instances have been published as Senate or House documents or as Commission publications. Printed documents, unless indicated as being out of print,<sup>2</sup> may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. Proposed publications are available without charge from the Federal Trade Commission while the supply lasts.

Agencies initiating or requesting investigations are indicated in parentheses in the headings. Investigations, the results of which have been published, are listed below. Following this listing are unpublished investigations conducted by the Commission.

Accounting Systems (F. T. C.).<sup>3</sup>—Pointing the way to a general improvement in accounting practices, the Commission, published *Fundamentals of a Cost System for Manufacturers* (H. Doc. 1356, 64th, 31 p., o. p., 7/1/16) and *A System of Accounts for Retail Merchants* (19 p., o. p., 7/15/16).

Accounting Systems.—See *Distribution Cost Accounting*.

Advertising as a Factor in Distribution.—See *Distribution Methods and Costs*.

Agricultural Implements.—See *Farm Implements and Distribution Methods and Costs*.

*Agricultural Implements and Machinery* (Congress).<sup>3</sup> —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, o. p.), 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

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<sup>1</sup> The wartime cost-finding inquiries, 1917-18 (p. 122), include approximately 870 separate investigations.

<sup>2</sup> Documents out of print (designated "o. p.") are available in depository libraries.

<sup>3</sup> Inquiries desired by either House of Congress are now undertaken by the Commission as a result of concurrent resolutions of both Houses.



competitors rather than capital stock.<sup>4</sup> (See also under Farm Implements and Independent Harvester Co.)

Agricultural Income (Congress).—Investigating a decline in agricultural income and increases or decreases in the income of corporations manufacturing and distributing wheat, cotton, tobacco, livestock, milk, and potato products (Public Res. 61, 74th, 8/27/35), and table and juice grapes, fresh fruits and vegetables (Public Res. 112, 74th, 6/20/36), the Commission made recommendations concerning, among other things, the marketing of commodities covered by the inquiry; corporate consolidations and mergers;<sup>5</sup> "unbalanced agricultural industrial relations; cooperative associations; production financing; transportation; and terminal markets. Its recommendations for Improvement of the Perishable Agricultural Commodities Act were adopted by Congress in amending that act (Public, 328, 75th) in 1937. [Report of the F. T. C. on Agricultural Income Inquiry, Part I, Principal Farm Products, 1,134 p., 3/2/37 (summary, conclusions, and recommendations, S. Doc. 54, 75th, 40 p., o. p.) ; Part II, Fruits, Vegetables, and, Grapes, 906 p., 6/10/37, o. p.; Part III, Supplementary Report, 154 p., 11/8/37; and interim reports of 12/26/35 (H. Doc. 380, 74th, 6 p.), and 2/1/37 (S. Doc. 17, 75th, 16 p., o. p.).]

Agricultural Prices.—See Price Deflation.

Antibiotics Manufacture (F. T. C).—Because of the rising Importance and the cost of antibiotic drugs, and the lack of published information on their production, a Commission resolution of July 13, 1956, authorized the study which appeared as Economic Report on Antibiotics Manufacture (361 p., 6/27/58). This volume covered the origin and history of the industry, the companies manufacturing antibiotics, production processes, marketing, prices, costs, profits, patents and trademarks, and public health aspects.

Automobiles.—See Distribution Methods and Costs, and Motor Vehicles.

Bakeries and Bread.—See under Food.

Beet Sugar.—See under Food-Sugar.

Building Materials.—See Distribution Methods and Costs.

Calcium Arsenate (Senate)-High prices of calcium arsenate, a poison used to destroy the cotton boll weevil (S. Res. 417, 67th, 1/23/23), appeared to be due to sudden increased demand rather than trade restraints (Calcium Arsenate Industry, S. Doc. 345, 67th, 21 p., o. p., 3/3/23).

Cartels.—See paragraphs headed Copper Industry, International Phosphate Cartels, Sulphur Industry, International Electrical Equipment Cartel, International Steel Cartels, Fertilizer (F. T. C.), International Petroleum Cartels, and International Alkali Cartels.

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<sup>6</sup> 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., o. p., 6/9/33).

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<sup>4</sup> Conditions With Respect to the Sale and Distribution of Milk and Dairy Products (H. Doc. 94, 75th, 1/4/87), p. 38; Report of the F. T. C. on Agricultural Income Inquiry, Part I (8/2/37), P. 26; Agricultural Implement and Machinery Industry (H. Doc. 702, 75th, 6/6/89), p. 1038; The Present Trend of Corporate Mergers and Acquisitions 8/7/47) ; The Merger Movement: A Summary Report (1948) : and P. T. C. Annual Reports: 1938, pp. 19 and 29; 1939, p 14; 1940, p. 12; 1941, p. 19; 1942, p. 9; 1943. p. 9; 1944, p. 7; 1945, p. 8; 1946, p. 12; 1947, p. 12; and 1948, p. 11.

<sup>5</sup> 11.



Coal, Current Monthly Reports (F. T. C.)The Commission (December 1919) initiated a system of current monthly returns from the soft coal industry similar to those compiled during the World War, 1917-18 (Coal—Monthly Reports on Cost of Production,

also because the domestic supply is inadequate to meet the demands of high level national production and employment. Furthermore, the production of foreign copper, on which the United States will become increasingly dependent, is likewise dominated by a few corporate groups which in the past have operated cooperatively in cartels to regulate production and prices."

Corporation Reports.—See Quarterly Financial Reports.

Corporate Mergers and Acquisitions (F.T.C.)—To determine the impact on the Nation's economy of corporate mergers and acquisitions, the Commission made a study of the merger movement for the years 1940-46, inclusive. The results of the study were transmitted to Congress in a report entitled *The Present Trend of Corporate Mergers and Acquisitions* (23 p., o. p., 3/7/47), which showed, among other things, that during the period covered, more than 1,800 formerly independent competitive firms in manufacturing and mining industries alone had disappeared as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only three industries, food, nonelectrical machinery, and textiles and apparel—all predominantly small business" fields.

In 1948 the Commission published *The Merger Movement: A Seminary Report* (134 p., o. p., also 7 p. processed summary). In this report the legal history of the antimerger provisions of the Clayton Act is reviewed. Significant individual mergers are examined in detail. Maps, diagrams, charts and tabular statistical materials are used to illustrate the economic effects of the then in force antimerger legislation.

The *Report on Corporate Mergers and Acquisitions* (210 p.) was published in May 1955. This study, bringing up to date much of the statistical material in the 1947 and 1948 reports, showed, among other things, that 1,773 formerly independent competitive firms in manufacturing and mining industries alone had disappeared in the period 1947—54 as a result of mergers or acquisitions, and that more than one-third of

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Distribution Cost Accounting (F. T. C.).—To provide a guide for current legislation and determine ways for improving accounting methods, the Commission studied distribution cost accounting in connection with selling, warehousing, handling, delivery, credit and collection (Case Studies in Distribution Cost Accounting for Manufacturing and Wholesaling, H. Doc. 287, 77th, 215 p., o. p., 6/23/41).

Distribution.—See Millinery Distribution.

Distribution of Steel Consumption.—A study to determine the distribution of steel in a time of shortage, when

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gress enacted the Packers 'and Stockyards Act (1921), adopting the Commission's recommendation that the packers be divorced from control of the stockyards. (The meat-packing industry is further referred to under Meat Packing Profit Limitation, p. 150.)

Food (President) Continued-Grain Trade.—Covering the industry from country elevator to central market, the Report of the F. T. C. on the Grain Trade was published in seven parts: I. Country Grain Marketing (9/15/20, 350 o. p.) ; II. Terminal Grain Markets and Exchanges (9/15/20, 3,33 p., o. p.) ; III. Terminal Grain Marketing (12/21/21, 332 p., o. p.) ; IV. Middlemen's Profits and Margins (9/26/23, 215 p., o. p.) ; V. Future Trading Operations in Grain (9/15/120 347 p., o. p.) ; VI. Prices of Grain and Grain Futures (9/10/24, 374 p., o. p.) ; and VII. Effects of Future Trading (6/25/26, 419 p., o. p.). The investigation as reported in vol. V, and testimony by members of the Commission's Staff (U. S. Congress Home Committee on Agriculture, Future Trading, hearings, 67th, April 25-May 2, 1921) was an important factor in enactment of the Grain Futures Act (1921). (Further reference to the grain trade is made under Grain Elevators, Grain Exporters, and Grain Wheat Prices, p. 149.)

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 United States, pp. 5-13, o. p. 1133/17). 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,<sup>10</sup> Private Car Lines, Wholesale Food Marketing.—Under the general title Food Investigation were published Report of the F. T. C. on Canned Foods—General Report and Canned Vegetables and Fruits (5/18/18,

was sufficient to supply the population of England, Scotland, and Wales with a daily ration of one-third of a loaf for 30 days, the population of France for 36 days, or the population of Finland for nearly 1 year. The Commission suggested that "a careful examination of present laws be made by the legislative and executive branches of the Government to determine what legislation, if any, is needed to permanently eliminate wasteful trade practices and predatory competition which threaten the existence of many small bakers, foredoom new ventures to failure and promote regional monopolistic control of the wholesale bread-baking industry."

Part II presents information concerning prices and pricing practices in the industry, profits earned, and unit costs of production and distribution. It compares the details of production and distribution costs for bread and rolls, other bakery products, and for all bakery products for two operating periods in 1945, March and September. Comparisons of costs are also made for these two periods for plants arranged by geographical areas. Comparisons of the costs of production and distribution are made by size groups of wholesale bakeries.

Food—Fish.—See Distribution Methods and Costs.

Food-Flour Milling (Senate),—This study of costs, profits, and other factors (S. Res. 212, 67th, 1/18/22) was reported in Wheat Flour Milling Industry (S. Doc. 130, 68th, 130 p., o. p., 5/16/24).

Food-Flour-Milling Industry, Growth and Concentration in (F. T. C.).—The Commission's study showed that there has been a progressive increase in the size of flour-mill operations and a progressive decrease in the number of flour-milling establishments. Nevertheless, the Commission reported, there is a lesser degree12.E0 .59.36 -12.



mission recommended greater control an



Industrial Concentration and Product Diversification in the 1,000 Largest Manufacturing Companies: 1950 (F. T. C.).—This purely statistical report published in January 1957 has 127 pages of text which state the findings in 52 text tables and 22 charts covering all manufacturing, food, electrical apparatus, and transportation equipment, and 529 pages of appendix tables covering these and other manufacturing industries.

and Report on Leather and Shoe Industries (180 p., o. p., 8/21/19). A further study (H. Res. 217, 66th, 8/19/19) resulted in the Report of the F. T. C. on Shoe and Leather Costs and Prices (212 p., o. p., 6/10/21).

Lumber—Costs.—See Wartime Cost Finding, 1917-18.

Lumber Trade Associations (Attorney General).—The Commission's extensive survey of lumber manufacturers' associations (referred to F. T. C., 9/4/19) resulted in Department of Justice proceedings against certain associations for alleged antitrust law violations. Documents published were: Report of the P. T. C. on Lumber Manufacturers' Trade Associations, incorporating regional reports of 1/10/21, 2/18/21, 6/9/21, and 2/15/22 (150 p., o. p.) ; Report of the F. T. C. and Western Red Cedar Association, Lifetime Post Association, and Western Red Cedarmen's Information Bureau (22 p., o. p., 1/24/23), also known as Activities of Trade Associations and Manufacturers of Posts and Poles in the Rocky Mountain and Mississippi Valley Territory (S. Doc. 293, 67th, o. p.) and Report of the F. T. C. on Northern Hemlock and Hardwood Manufacturers Association (52 p., o. p., 5/7/23).

Lumber Trade Association (F. T. C.).—Activities of five large associations were investigated in connection with the Open-Price Associations inquiry to bring down to date the 1919 lumber association inquiry (Chap. VIII of Open-Price Trade Associations, S. Doc. 226, 70th, 516 p., o. p., 2/13/29).

Meat-Packing Profit Limitations.—See Food.

Mergers (F. T. C.).— (See Corporate Mergers.)

Milk.—See Food.

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 leased 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, o. p.).

Monopolistic Practices and Small Business.— A study by the staff of the Commission on the effect of certain monopolistic practices on small business, requested by the Subcommittee on Monopoly of the Senate Select Committee on Small Business. The results were transmitted to the Subcommittee and published as a committee print by Selected Committee on Small Business, U.S. Senate, 82d Cong. (88 p. 3/31/,52).

Motor Vehicles (Congress).—Investigating (Public Res. 87,

Packer Consent Decree.—See Food (President) Continued—Meat Packing. "Paper-Book (Senate), Wartime, 1917-18.—This inquiry (S. Res. 269, 64th, 9/7/16) resulted in proceedings by the Commission against certain manufacturers to prevent price enhancement and the Commission recommended legislation to repress trade restraints [Book Paper Industry—A Preliminary Report (S. Doc. 45, 65th, 11 p., o. p., 6/13/17), and Book Paper Industry—Final Report (S. Doc. 76, 65th, 125 p., o. p., 8/21/17)].

Paper—Newsprint (Senate), Wartime, 1917-18.—High prices of newsprint (S. Res. 177, 64th, 4/2/16) were shown to have been partly a result of certain newsprint association activities in restraint of trade. Department of Justice proceedings resulted in abolishment of the association and indictment of certain manufacturer& The Commission for several years conducted monthly reporting of production and sales statistics, and helped provide some substantial relief for smaller publishers in various parts of the country. [Newsprint Paper Industry, preliminary (S. Doc. 3, 65th, 12 p., o. p., 3/3/17; Report of the F. T. C. on the Newsprint Paper Industry (S. Doc. 49, 65th) 162 p., o. p., 6/13/17) ; and Newsprint Paper Investigation (in response to S. Res. 95, 65th, 6/27/17; S. Doc. 61. 65th, 8 ., o. p., 7/10/17)]

Paper—Newsprint (Senate).—The question investigated (S. Res. 337, 70th, 2/27/29) was whether a monopoly existed among newsprint manufacturers and distributors in supplying paper to publishers of small dailies and weeklies (Newsprint Paper Industry, S. Doc. 214, 71st, 116 p., o. p., 6/30/30).

Petroleum.—See International Petroleum Cartel.

Petroleum Products.—See Distribution Methods and Costs.

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, 6/18/13<sup>12</sup> and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; Advance

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., o. 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., o. 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., o. p., 2/3/28)—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 Treasury).—A study (2/29/44) of the financial history and operations of this corporation for the years 1896-1943 was made at the request of the Director of Procurement, United States Treasury, and the report thereon was introduced into the record in the corporation's electric rate case before the District of Columbia Public Utilities Commission.

Power-Electric (Senate).—ThisTD ur uited

Price Bases (F. T. C.).—More than 3,500 manufacturers representing practically every industrial segment furnished data for this study (F. T. C. motion, 7/27/27) of methods used for computing delivered prices on industrial products and of the actual and potential influence of such methods on competitive markets and price levels. In the cement industry the basing-point method<sup>15</sup> was found to have a tendency to establish unhealthy uniformity of delivered prices and

Resale Price Maintenance (F. T. C.).—The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which purchasers should resell them, led to the first inquiry, resulting in a report, Resale Price Maintenance (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., o. p., 6/30/19) and Resale Price Maintenance (F. T. C motion, 7/25/27; reports, Part I, H. Doc. 546, 70th, 141 p.,



prior to the decision was also requested. The Commission submitted a list of 10,245 corporations, pointing out that declaration of stock dividends at the rate prevailing did not appear to be a result of controlling necessity and seemed questionable as a business policy (Stock Dividends, S. Doc. 26, 70th, 273 p., o. p., 12/5/27).

Sugar.—See Food.

Sulphur Industry (F. T. C.).—In its report to Congress on The Sulphur Industry and International Cartels (6/16/47), o. p., the Commission stated that the operations of all four producers constituting the American sulphur industry generally got by by the quantity of sulphur produced by them.

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on New York futures contracts (11/16/28 and 2/26/30) in accordance with the Commission's recommendations.

Textiles—Woolen Rag Trade (F. T. C.), Wartime, 1917-18—The Report on the Woolen Rag Trade (90 p., o. p.,

Wartime Costs and Profits (F. T. C.), Cost and profit information for 4,107 identical companies

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copper, copper alloys, copper scrap, and copper base alloy in compliance with the purpose of determining the extent to which they were complying with governing W. P. B. Preference and Conservation Orders M-9-a and b, and M-9-c. Copper, Primary Fabricators of (W. P. B.), Wartime, 1941-42.—A 927A 927A 927lvply Tj inspec M-9-inga specifi8 0

Food-Flour Milling (O. E. S.), Wartime, 1942-43.—Requested by the Director of the Office of Economic Stabilization, this inquiry covered practices, costs, prices, and profits in the wheat flour-milling industry, Its purpose being to provide the Director with facts to determine what economies could be effected in the industry so as to eliminate the need for a wheat subsidy, without reducing farmers' returns, or to reduce bread prices. The report was made to O. E. S. and a more detailed report was prepared for O. P. A.

Fruit Growers and Shippers (W. P. B.), Wartime, 1943-44.—This investigation was requested by the War Production Board to determine whether 7 grape growers and 12 grape shippers, all located in California, were in violation of W. P.



mine whether, requirements of its Conservation Order No. M-131-a, relating to quinine and other drugs extracted from cinchona bark, were being complied with.

Silverware Manufacturers (W. P. B.), Wartime, 1942-43.—Silverware manufacturers were investigated at the request of the War Production Board to determine the extent to which they had complied with the copper orders, that is, W. P. B. General Preference Order No. M-9-a, Supplemental Order No. M-9-b, and Conservation Order m-9-c, as amended..

Silverware Manufacturers and Silver Suppliers (W. P. B.), Wartime, 1942-43.—The activities of silverware manufacturers and silver suppliers under W. P. B. Conservation and Limitation Orders m-9-a, b, and c, m-100 and L-140 were investigated and reported on at the request of the War Production Board.

Sisal Hemp (Senate).—The Commission assisted the Senate Committee on Agriculture and Forestry in an inquiry (S. Res. 170, 64th, 4/17/16) and advised how certain quantities of hemp promised by the Mexican sisal trust, might be fairly distributed among American distributors of binder twine (Mexican Sisal Hemp, S. Doc. 440, 64th, 8 p., o. p., 5/9/16). The Commission's distribution plan was adopted.

Steel Costs and Profits (O. P. A.), Wartime, 1942-43.—A report on the Commission's 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 Office of Production Management were being observed. i. e., the technique used in the steel industry in meeting the requirements of O. P. M. (later the War Production Board) orders and forms controlling the distribution of steel.

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tributing important commodities. The 19-11-45 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 Financial Reports; Metal-Working Machines; Paperboard; Priorities; Steel Costs and Profits; and War Material Contracts.