

Complaint

IN THE MATTER OF

A. GREENHOUSE, INC., ET AL.

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

Docket C-1201. Complaint, Apr. 27, 1967—Decision, Apr. 27, 1967

Consent order requiring an Albany, N.Y., grocery products wholesaler and two brokerage concerns to cease engaging in illegal brokerage practices.

COMPLAINT

The Federal Trade Commission, having reason to believe that the parties respondent named in the caption hereof, and herein-after more particularly described, have been and are violating the provisions of subsection (c) of Section 2 of the Clayton Act, as amended, (15 U.S.C. § 13) hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent A. Greenhouse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at Dott and Railroad Avenues, Albany, New York. This organization is a closed corporation, the entire stock of which is owned by respondent Saul Greenhouse.

PAR. 2. Respondent A. Greenhouse, Inc., has been and is engaged in business primarily as a wholesale distributor, buying, selling and distributing grocery products. This respondent purchases its grocery products from a large number of suppliers located in many sections of the United States. Its volume of business in the purchase and sale of such products is substantial, estimated to be somewhat in excess of \$3 million annually.

PAR. 3. Respondent Saul Greenhouse is president of respondent A. Greenhouse, Inc., owns all of the capital stock of the said corporate respondent, and together with Eugene Greenhouse, directs and controls the acts, practices and policies thereof.

Respondent Eugene Greenhouse was, prior to July 1, 1963, vice president of respondent A. Greenhouse, Inc., and owned a substantial part of the capital stock of said corporate respondent. Despite his ostensible severance of any connection with A. Greenhouse, Inc., subsequent to that date, he continues to act as its agent in the manner described in Paragraph Ten.

PAR. 4. Respondent Food Trends, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

of the State of New York, with its office and principal place of business located in the building partially occupied by respondent A. Greenhouse, Inc., at Dott and Railroad Avenues, Albany, New York.

PAR. 5. Respondent Consumer Motivation, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located in the building partially occupied by respondent A. Greenhouse, Inc., at Dott and Railroad Avenues, Albany, New York.

PAR. 6. Respondents Food Trends, Inc., and Consumer Motivation, Inc., are now, and for the past several years have been, engaged in the brokerage business, purportedly representing various seller-principals located throughout the United States in connection with the sale and distribution of grocery products. However, a substantial part of the business done by respondents Food Trends, Inc., and Consumer Motivation, Inc., consists of arranging sales to respondent A. Greenhouse, Inc. In representing alleged seller-principals in sales to A. Greenhouse, Inc., respondents Food Trends, Inc., and Consumer Motivation, Inc., are paid brokerage fees or commissions by such sellers.

PAR. 7. Respondent Eugene Greenhouse owns a substantial amount of the capital stock of respondents Food Trends, Inc., and Consumer Motivation, Inc., and serves as an officer of both corporate respondents. Said individual respondent, Eugene Greenhouse, along with other officers and directors of said corporations, directs and controls the acts, practices and policies of the corporate respondents Food Trends, Inc., and Consumer Motivation, Inc., including the acts and practices hereinafter mentioned.

PAR. 8. In the course and conduct of its business for the past several years, respondent A. Greenhouse, Inc., has purchased and distributed, and is now purchasing and distributing, grocery products in commerce, as "commerce" is defined in the Clayton Act, as amended, from suppliers or sellers located in several States of the United States other than the State of New York, in which said respondent is located. Said respondent transports or causes such grocery products, when purchased, to be transported from the places of business or packing plants of its suppliers located in various other States of the United States to said respondent which is located in the State of New York or to said respondent's customers located in said State or elsewhere. Thus, there has been at all times mentioned herein a continuous course of trade in commerce in the purchase of said grocery products by said respondent

and the sale of such grocery products by its respective suppliers.

PAR. 9. Respondents Food Trends, Inc., and Consumer Motivation, Inc., in the course and conduct of their brokerage business, have been, and are now effecting the sale and distribution of grocery products in commerce, as "commerce" is defined in the Clayton Act, as amended, for their suppliers located in the various States of the United States other than the State of New York in which said respondents are located. Said respondents have transported or caused said grocery products, when sold, to be transported from their purported principals' places of business to the buyers' places of business located in other States, or to their customers located therein. Thus, there has been at all times mentioned herein a continuous course of trade in commerce in the sale of said grocery products by said respondents for their purported principals.

PAR. 10. In the course and conduct of their business for a number of years last past, but more particularly since May 1963, the individual respondents, Saul and Eugene Greenhouse have made and are now making substantial purchases of grocery products for the corporate respondent A. Greenhouse, Inc. Many of said purchases were made from suppliers through respondents Food Trends, Inc., and Consumer Motivation, Inc., who received a commission, brokerage or other compensation or allowances or discounts in lieu thereof, in connection with such sales from said suppliers. Respondents Food Trends, Inc., and Consumer Motivation, Inc., are receiving assistance from full-time employees of respondent A. Greenhouse, Inc., who are under the direct control of said corporate respondent. In addition, respondent Eugene Greenhouse, who ostensibly no longer has any connection with respondent A. Greenhouse, Inc., continues to act as its agent in conducting the affairs of said corporate respondent, particularly as they relate to the purchase, marketing and sale of grocery products, including the grocery products purchased through the brokerage operations of respondents Food Trends, Inc., and Consumer Motivation, Inc.

PAR. 11. The brokerage commissions received from sellers of grocery products by Food Trends, Inc., and Consumer Motivation, Inc., on sales made by these sellers to respondent A. Greenhouse, Inc., are substantial. In many instances, respondent A. Greenhouse, Inc., has been the principal account for which respondents Food Trends, Inc., and Consumer Motivation, Inc., have arranged sales.

PAR. 12. In view of the control and relationship described

above, respondents Food Trends, Inc., and Consumer Motivation, Inc., in the conduct of their business have been acting for and in behalf of the buyer, respondent A. Greenhouse, Inc., or have been subject to the direct or indirect control of the buyer, A. Greenhouse, Inc.

PAR. 13. The acts and practices of respondents, and each of them, in receiving and accepting a brokerage or commission, or an allowance or discount in lieu thereof, from sellers on their own purchases, through respondent brokerage companies, Food Trends, Inc., and Consumer Motivation, Inc., are in violation of subsection (c) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act.

Commissioner Elman dissented from the issuance of the complaint.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of subsection (c) of Section 2 of the Clayton Act, as amended, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent A. Greenhouse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at Dott and Railroad Avenues, Albany, New York.

Respondent Saul Greenhouse is president of A. Greenhouse, Inc., and his business address is the same as that of said corporation.

Respondent Food Trends, Inc., is a corporation organized, exist-

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ing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located in the building partially occupied by respondent A. Greenhouse, Inc., at Dott and Railroad Avenues, Albany, New York.

Respondent Consumer Motivation, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located in the building partially occupied by respondent A. Greenhouse, Inc., at Dott and Railroad Avenues, Albany, New York.

Respondent Eugene Greenhouse is an officer of both Food Trends, Inc., and Consumer Motivation, Inc., and his business address is the same as that of said corporations.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

ORDER

It is ordered, That respondents A. Greenhouse, Inc., a corporation, and its officers, and Saul Greenhouse, individually and as an officer and stockholder of A. Greenhouse, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in or in connection with the purchase of grocery products in commerce, as "commerce" is defined in the Clayton Act, as amended, do forthwith cease and desist from:

Receiving or accepting, directly or indirectly, from any seller, anything of value as a commission, brokerage or other compensation, or any allowance or discount in lieu thereof, upon or in connection with any purchase of grocery products for respondents' own account, or on purchases made through Food Trends, Inc., or Consumer Motivation, Inc., or any other brokerage organization where, and so long as, any relationship exists between the brokerage organization and the respondents named herein, either through ownership, control, management or representation.

It is further ordered, That respondents Food Trends, Inc., Consumer Motivation, Inc., corporations, and their officers, and Eugene Greenhouse, individually and as an officer and stockholder of Food Trends, Inc., and Consumer Motivation, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in or in connection with the purchase or sale of grocery products in commerce, as "com-

merce" is defined in the Clayton Act, as amended, do forthwith cease and desist from:

Receiving or accepting, directly or indirectly, from any seller, anything of value as a commission, brokerage or other compensation, or any allowance or discount in lieu thereof, upon or in connection with any purchase of grocery products for their own account, or for the account of A. Greenhouse, Inc., so long as any relationship exists between said brokerage organizations and the buyer organization, either through ownership, control or management, or where respondents Food Trends, Inc., Consumer Motivation, Inc., or Eugene Greenhouse, is the agent, representative or other intermediary acting for or in behalf or is subject to the direct or indirect control of any buyer, including A. Greenhouse, Inc.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Commissioner Elman dissented from the issuance of the complaint.

IN THE MATTER OF

UNION BAG-CAMP PAPER CORPORATION

MODIFIED ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT

Docket 7946. Complaint, June 15, 1960—Decision, May 1, 1967

Order modifying a divestiture order dated February 12, 1965, 67 F.T.C. 138, requiring a manufacturer of paper products to divest itself of certain acquisitions by allowing an alternate plant to be divested.

MODIFICATION OF ORDER

ORDER MODIFICATION

Union Bag-Camp Paper Corporation, having by communications dated December 6, 1966, and February 9, 1967, requested that Part VI of the Commission's order issued in this matter on February 12, 1965 [67 F.T.C. 138], be modified, and the Commission, having duly considered the requested modification

and being of the opinion that the requested modification should be made;

Now, therefore, it is hereby ordered, That Part VI of the order of February 12, 1965, be, and it hereby is, modified as follows:

It is further ordered, That Union Camp Corporation (formerly Union Bag-Camp Paper Corporation) shall divest itself within a period not exceeding twenty-one (21) months after the service upon it of this modified Part VI, absolutely and in good faith, subject to the prior approval of the Commission, of either (a) the corrugated box plant located at 10200 Miles Avenue, Cleveland, Ohio, or (b) alternatively the corrugated box plant located at Washington, Pennsylvania (which latter plant was acquired by respondent as a result of its acquisition of River Raisin Paper Company), including all assets, properties, rights and privileges, tangible or intangible, which are now located at the plant so divested and used at said plant in the manufacture of corrugated shipping containers (including without limitation the machinery and equipment now used at said plant in such manufacture), in a manner contemplating the operation of the plant so divested by the purchaser as a going concern in the manufacture and sale of corrugated shipping containers.

IN THE MATTER OF

GRABER MANUFACTURING COMPANY, INC., ET AL.

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

Docket 8038. Complaint, July 12, 1960—Decision, May 2, 1967

Consent order requiring a Middleton, Wisc., manufacturer of drapery hardware and related products to cease discriminating in price among competing resellers of its products.

COMPLAINT*

The Federal Trade Commission, having reason to believe that the named respondents have violated and are now violating the provisions of subsection (a) of Section 2 of the Clayton Act (U.S.C., Title 15, Section 13), as amended by the Robinson-Patman Act, hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent Graber Manufacturing Co., Inc., is a

*Respondent Graber Manufacturing Company, Inc., erroneously referred to in the complaint as Graber Manufacturing Co., Inc.

corporation organized and doing business under and by virtue of the laws of the State of Wisconsin, with its principal office and place of business located at 2615 University Avenue, Middleton, Wisconsin. Individual respondents John N. Graber, Joseph V. Graber and Marie Graber are now, and were, during all times hereinafter stated, officers of said corporate respondent. These individual respondents are and have been controlling and directing the operations of the corporate respondent during the period from 1955 to date.

Respondents Marie Graber, Joseph V. Graber, and Arthur R. Jones, as trustee, are copartners, trading and doing business as Graber Company, a partnership, with their office and principal place of business located at 2615 University Avenue, Middleton, Wisconsin. Marie Graber and Joseph V. Graber are and have been directing the operations of Graber Company during the period from 1955 to date.

Respondent Arthur R. Jones is trustee of a trust established by John N. Graber and he, with the other two copartners, Joseph V. Graber and Marie Graber, shares in the benefits as one of the copartners doing business as Graber Company.

Both Graber Manufacturing Co., Inc., and the copartners, trading and doing business as Graber Company, are jointly and severally named as respondents herein.

PAR. 2. Respondent Graber Manufacturing Co., Inc., is engaged in the business of manufacturing a complete line of drapery hardware, including curtain rods, traverse rods, cafe rods and accessories. All of its production is sold or transferred to the Graber Company, the partnership, which acts as its selling agent and is engaged in the business of distributing and selling drapery hardware. Graber Company's net sales amounted to approximately \$2,000,000 in 1959.

PAR. 3. In the course and conduct of its business Graber Manufacturing Co., Inc., ships, or causes to be shipped and transported, its drapery hardware from the State where such products are manufactured to branches of Graber Company, its selling agent, located in other States.

In the course and conduct of its business Graber Company ships, or causes to be shipped and transported, its drapery hardware from the State where such products are manufactured, or are temporarily stored in anticipation of sale and shipment, to purchasers located in other States.

In the aforesaid manner and method, respondents are now, and

have been at all times referred to herein, engaged in commerce, as "commerce" is defined in the amended Clayton Act.

Such products are, and have been, sold by respondents to purchasers for use or resale in the various States of the United States.

PAR. 4. In the course and conduct of their business in commerce, respondents have been, and are now, in competition with other corporations, partnerships, firms and individuals engaged in the manufacturing, selling and distributing of drapery hardware.

Many of the purchasers of respondents' products are competitively engaged with each other and with customers of respondents' competitors in the resale of drapery hardware.

PAR. 5. Respondents sell their drapery hardware primarily to retailers and also to wholesalers who resell it to retailers. When sales are made to such wholesalers and delivered to them, respondents customarily grant a 20% discount from the list price charged retailers. When sales are made to such wholesalers but delivery is made to the wholesaler's customer, respondents customarily grant the wholesaler a 15% discount from the list price.

PAR. 6. In the course and conduct of their business in commerce, respondents have sold, and are now selling, drapery hardware to some purchasers at prices substantially higher than those charged other purchasers of these products of like grade and quality who have been, and are now, competing with said unfavored purchasers.

Illustrative of respondents' said discriminations in price are respondents' sales of drapery hardware to the Aimcee Wholesale Corporation, New York, New York. Aimcee Wholesale Corporation is a wholly owned subsidiary of Associated Merchandising Corporation, New York, New York. All of the capital stock of Associated Merchandising Corporation, both voting and nonvoting, is owned by twenty-seven large department stores located in many of the principal cities of the United States. No store owns more than one share of voting stock.

These twenty-seven department stores completely dominate and control all policies and business operations of both Associated Merchandising Corporation and its wholly owned and controlled subsidiary Aimcee Wholesale Corporation.

It is, therefore, alleged that Associated Merchandising Corporation and Aimcee Wholesale Corporation are the agents and instrumentalities of these twenty-seven member department stores for the buying of merchandise for the account of such stores, and for other purposes.

Illustrative of such sales is the sale by respondents, through Aimcee Wholesale Corporation, to L. S. Ayres & Company, Indianapolis, Indiana, one of the twenty-seven member stores, of a quantity of traverse rods (Item #3022) on August 19, 1959, at a discount of 15% off list price. This merchandise was drop shipped by respondents direct to the store of L. S. Ayres & Company, in Indianapolis, Indiana. Aimcee Wholesale Corporation retained 3% of this discount and transmitted the remainder, or 12%, to L. S. Ayres & Company. On September 14, 1959, respondents sold the same item to Ramsey Interiors, Indianapolis, Indiana, a competing retailer-purchaser, charging the list price with no discount.

PAR. 7. The effect of respondents' discriminations in price, as above alleged, may be to substantially lessen competition or tend to create a monopoly in the lines of commerce in which the respondents and their favored purchasers, respectively, are engaged, or to injure, destroy, or prevent competition with the respondents and their purchasers who receive the benefits of such discriminations.

PAR. 8. The acts and practices of the respondents, as alleged above, violate subsection (a) of Section 2 of the amended Clayton Act.

ORDER AMENDING COMPLAINT AND GRANTING MOTION TO
SUBSTITUTE, AND DECISION AND ORDER IN DISPOSITION OF
PROCEEDING

The Commission having issued its complaint in this proceeding on July 12, 1960, charging the respondents named in the caption hereof with violation of Section 2(a) of the Clayton Act, as amended, and the respondents having been thereafter served with a copy of that complaint; and

The hearing examiner having certified to the Commission a "Motion to Amend Complaint" and a proposed consent agreement, and the respondents and counsel supporting the complaint having thereafter filed a joint motion requesting that an agreement dated April 4, 1967, executed by all the respondents except John N. Graber, deceased, and by their attorney and counsel supporting the complaint, be substituted for the said agreement certified by the hearing examiner to the Commission, which executed agreement dated April 4, 1967, contains, *inter alia*, an admission of all the jurisdictional facts alleged in the complaint as amended in the manner requested in the above motion to amend, and state-

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ments that the record on which the decision of the Commission shall be based shall consist solely of such complaint and said agreement, and that said agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in such complaint; and

The Commission having determined that in the circumstances the public interest would be served by waiving, and hereby having waived, the requirement for the timely filing of notice of intent to enter into a consent agreement as prescribed by the Commission's Notice of July 14, 1961; and

The Commission, having considered the aforesaid agreement dated April 4, 1967, containing consent order, which also provides for dismissal of the complaint as to respondent John N. Graber, deceased, and respondent Arthur R. Jones, trustee, and it appearing that formulation, direction and control of the policies, acts and practices of Graber Company of which respondent Arthur R. Jones, trustee, is a copartner, is exercised solely by respondents Joseph V. Graber and Marie Graber and that dismissal of the proceeding with respect to respondent Arthur R. Jones is therefore warranted; and the Commission having duly determined that said agreement constitutes an adequate basis for appropriate disposition of this proceeding and that the aforementioned joint motion for substitution should be granted; and

The Commission having considered the aforesaid motion to amend the complaint wherein movants state that such motion is concurred in by counsel for respondents and the Commission having determined that it should be granted;

It is ordered, That the complaint herein be, and it hereby is, amended as follows:

(1) By striking from Paragraph Six thereof the first sentence of the second unnumbered paragraph, the first word of which is "Illustrative", and substituting therefor the words "Respondents' said discriminations in price involve respondents' sales of drapery hardware to the Aimcee Wholesale Corporation, New York, New York.";

(2) By striking the words "as above alleged" from the first and second lines of Paragraph Seven thereof and substituting therefor the words "as above alleged in Paragraph Six";

(3) By striking the words "as alleged above" from the first and second lines of Paragraph Eight thereof and substituting therefor the words "as alleged above in Paragraph Six and Paragraph Seven".

It is further ordered, That the proposed agreement certified to the Commission by the hearing examiner be, and it hereby is, stricken and that the agreement dated April 4, 1967, be, and it hereby is, substituted therefor and accepted.

Now, therefore, the Commission makes the following jurisdictional findings and enters the following order to cease and desist:

1. Respondent Graber Manufacturing Company, Inc., erroneously referred to in the complaint as Graber Manufacturing Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin, with its principal office and place of business located at 7549 Graber Road, in the city of Middleton, State of Wisconsin.

Respondent John N. Graber is deceased. Respondents Joseph V. Graber and Marie Graber are officers of respondent Graber Manufacturing Company, Inc., and, together with respondent Arthur R. Jones, trustee, are copartners trading and doing business as Graber Company, a partnership, with their office and principal place of business located at 7549 Graber Road, in the city of Middleton, State of Wisconsin. Respondents Joseph V. Graber and Marie Graber solely formulate, direct and control the policies, acts and practices of Graber Company.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents.

ORDER

It is ordered, That respondents Graber Manufacturing Company, Inc., a corporation, and Joseph V. Graber and Marie Graber, individually and as officers of said corporation, and Joseph V. Graber and Marie Graber, copartners, trading and doing business as Graber Company, and their respective officers, employees, assignees, and representatives, directly or through any corporate or other device, in or in connection with the sale of curtain and drapery hardware, curtain and drapery hardware components, parts and accessories, and related products in commerce, as commerce is defined in the Clayton Act, as amended, forthwith cease and desist twelve months from the date of service of this order from:

Discriminating, directly or indirectly, in the price of said products of like grade and quality by selling to any purchaser at net prices higher than the net prices charged to any other purchaser who, in fact, competes with the purchaser paying the higher price in the resale and distribution of respondents' products.

It is further ordered, That the complaint be, and the same hereby is, dismissed as to respondent Arthur R. Jones.

It is further ordered, That the complaint be, and the same hereby is, dismissed as to respondent John N. Graber.

It is further ordered, That respondents Graber Manufacturing Company, Inc., a corporation, and Joseph V. Graber and Marie Graber, individually and as officers of said corporation, and Joseph V. Graber and Marie Graber, copartners, trading and doing business as Graber Company, shall, within sixty (60) days after the operative date of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist as set forth in this order.

IN THE MATTER OF

MERCURY LIFE AND HEALTH COMPANY ET AL.

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

Docket 8704. Complaint, Aug. 16, 1966—Decision, May 2, 1967

Consent order requiring a San Antonio, Texas, insurance company and its advertising affiliate to cease making claims as to the benefits provided by its insurance policies without disclosing conspicuously and in close proximity to the claims all the limitations contained in the policies.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as that Act is applicable to the business of insurance under the provisions of Public Law 15, 79th Congress (Title 15, U.S. Code, Sections 1011 to 1015, inclusive), and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Mercury Life and Health Company, a corporation, Mercury United Advertising Corporation, a corporation, and Leonard Hyatt, individually and as an officer of each of said corporations, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Mercury Life and Health Company

is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located at 301 Majestic Building in the city of San Antonio, State of Texas.

Respondent Mercury United Advertising Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located at 301 Majestic Building in the city of San Antonio, State of Texas.

Respondent Leonard Hyatt is an officer of each of the corporate respondents. He formulates, directs and controls the acts and practices of the corporate respondents, including those hereinafter set forth. His address is the same as that of the corporate respondents.

PAR. 2. Respondents Mercury Life and Health Company and Leonard Hyatt are now, and for some time last past have been, engaged as insurers in the business of insurance in commerce, as "commerce" is defined in the Federal Trade Commission Act. As a part of said business in "commerce," said respondents enter into insurance contracts with insureds located in various States of the United States other than the State of Texas in which States the business of insurance is not regulated by State law to the extent of regulating the practices of said respondents alleged in this complaint to be illegal.

Respondent Mercury United Advertising Corporation prepares for and distributes on behalf of respondent Mercury Life and Health Company and respondent Leonard Hyatt advertising material to be used in the course and conduct of said insurance business.

PAR. 3. Respondents, in conducting the business aforesaid, have sent and transmitted and have caused to be sent and transmitted, by means of the United States mails and by various other means, letters, application forms, contracts, checks and other papers and documents of a commercial nature from their place of business in the State of Texas to purchasers and prospective purchasers located in various other States of the United States and have thus maintained a substantial course of trade in said insurance contracts, policies and other papers and documents of a commercial nature in commerce between and among the several States of the United States.

PAR. 4. Respondents Mercury Life and Health Company and Leonard Hyatt are licensed, as provided by State law, to conduct the business of insurance only in the State of Texas. Said re-

