



# FEDERAL ACTIONS



## Federal Trade Commission

### ANOTHER CANNED SEAFOOD FIRM CHARGED WITH ILLEGAL BROKERAGE PAYMENTS:

Another Seattle, Wash., firm was charged on April 8, 1958, by the Federal Trade Commission with paying unlawful brokerage to some customers.

Alleging violation of Sec. 2(c) of the Robinson-Patman Amendment to the Clayton Act, a Commission complaint (No. 7089, Canned Seafood) alleges the company grants favored customers discounts or allowances in lieu of brokerage.

On direct sales not involving brokers, the complaint charges, favored buyers are granted a discount approximating the normal brokerage fee of 2½ percent. Also, certain customers are given reduced prices reflecting the brokerage generally paid, the complaint says.

In other transactions where sales are made through brokers, the complaint continues, the company gives favored customers reductions, offsetting them by cutting the broker's commission.

In addition to selling its own pack of canned salmon, tuna, and other seafood, the complaint says, the company distributes seafood packed by others as well as some jointly packed by itself and others.

The firm and its officials were granted 30 days in which to file answer to the complaint. A hearing was scheduled June 2 in Seattle, Wash., before a commission hearing examiner.

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### CANNED SEAFOOD PACKER-DISTRIBUTOR DENIES CHARGES OF ILLEGAL BROKERAGE PAYMENTS:

A Seattle, Wash., packer and distributor of seafood has denied Federal Trade

Commission charges of making illegal brokerage payments to some customers (Answer 7089).

In answer to the Commission's complaint of March 20, 1958, the firm and its officials deny granting favored customers discounts or allowances in lieu of brokerage in violation of Sec. 2(c) of the Robinson-Patman Amendment to the Clayton Act.

The complaint charged that on direct sales not involving brokers, favored buyers are granted a discount approximating the normal brokerage fee of 2½ percent. Also, it said, certain customers are given price reductions reflecting the brokerage generally paid.

In transactions handled through brokers, the company gives favored customers reductions, offsetting them by cutting the broker's commission, the complaint continued.

Categorically denying these charges, the parties ask that the complaint be dismissed.

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### OWNERSHIP OF FEW SHARES OF MEAT PACKER STOCK MAKES MEAT PRODUCTS MARKETER A "PACKER.":

Purchasing a few shares of stock of a recognized meat packer makes a marketer of meat, dairy, and poultry products a "packer," and thus prevents the Federal Trade Commission from proceeding against it on charges of violating laws administered by the Commission, hearing examiner of that agency ruled (Initial Decision 6459, Food Products) on April 25.

The examiner held that a large Washington, D. C., supermarket chain is a packer within the definition given in the Packers and Stockyards Act because it recently purchased some stock of a large

meat and poultry packing company. Granting the super market chain's motion to dismiss a Commission complaint charging it with inducing illegal promotional allowances, he said the Secretary of Agriculture has exclusive jurisdiction over the chain's interstate commercial activities and the Commission has none.

This is not a final decision of the Commission and may be appealed, stayed, or docketed for review.

In a previous dismissal order, the examiner had ruled that the preparation of sausage and meat loaf makes the supermarket chain a packer under the statute. The Commission later reversed this decision, ruling that these meats are already meat products when received and supermarket chain's grinding and seasoning of them are customary merchandising operations which do not of themselves make the chain a packer.

Another reason given in the reversal opinion was that there was no showing that the chain owns or controls any interest in a packing establishment.

In the decision, the examiner said, "Respondent has now supplied that deficiency or taken that suggestion by purchasing, as of March 28, 1958, 100 shares of the common stock of a meat and poultry packing firm, and accordingly now claims coverage under clause (2) "(This provides that a marketer of these products is a packer if it "owns or controls, directly or indirectly, through stock ownership or control or otherwise. . . any interest" in a packer as defined elsewhere in the statute).

The examiner emphasized this clause "does not read or hint 'substantial interest' nor is any quantum or percentage of interest or ownership mentioned."

He then concluded: "The contention that this ruling opens the door for all actual or alleged violators of the Federal Trade Commission Act who happen to market meats, meat food, dairy, and poultry products or eggs, to escape corrective action by the simple and relatively inexpensive purchase of a few shares of stock in a 'meat packer' overlooks the

unambiguous statutory command. I cannot conscientiously twist or torture plain English to forestall that result. The remedy lies with those who wrote into law that plain English--the Congress of the United States."

The amended complaint of May 7, 1957, charged the supermarket chain with inducing special allowances from suppliers for promotion of an anniversary sale which it "knew or should have known" were not being offered to competitors.



## Department of the Interior

### BUREAU OF COMMERCIAL FISHERIES

#### ASSUMES RESPONSIBILITY FOR GRADING SERVICE TO FISHING INDUSTRY:

The U. S. Department of the Interior has assumed, under the authority of the Fish and Wildlife Act of 1956, the responsibility for furnishing inspection and grading services to the fishing industry. The U. S. Department of Agriculture will continue to furnish such services until July 1, 1958, at which time the transfer of functions will be effected.

Administrative authority has been delegated to the Bureau of Commercial Fisheries to supplement its standards development program. Bureau technologists anticipate no significant changes in inspection service personnel or procedures. The Federal shield and grade symbols, to all intents and purposes, will be identical with those now in use by processors. Contract renegotiation will consist of a simple change-order requiring only the signature of the processor for consummation.

The inspection and grading services for the fishing industry will be administered by experienced fisheries personnel.

Continuous inspection and grading services for fish sticks, fish blocks, and breaded shrimp will be made available to processors who request the services. Continuous inspection services also will be available for all fishery products even

though no grade standards have as yet been developed for such products. In addition, inspection services for specific lots of fishery products will be furnished and may be requested.



## U. S. Tariff Commission

### REPORT ON TUNA INVESTIGATION RELEASED:

The United States Tariff Commission made public on May 1, 1958, its report on an investigation of tuna made in response to a resolution of the Committee on Finance of the Senate adopted August 20, 1957. The investigation was made pursuant to section 332 of the Tariff Act of 1930, as amended, and was similar in scope to a previous investigation made by the Commission in response to a resolution of the Committee adopted June 26, 1952.

The Commission's report discusses the consumption of tuna fish in the United States in recent years; gives general information on the domestic tuna fishery and detailed information on the operations of the bait-boat, purse-seine, and albacore fishing fleets; discusses at some length the operations of the domestic tuna-canning industry; and gives information on a number of other subjects, including tariff rates; tuna imports, and the tuna fisheries of Japan and Peru.



## Eighty-Fifth Congress

### (Second Session)

Public bills and resolutions which may directly or indirectly affect the fisheries and allied industries are reported upon. Introduction, referral to committees, pertinent legislative actions, hearings, and other chamber actions by the House and Senate, as well as signature into law or other final disposition are covered.



**FISHERMEN'S COOPERATIVE ASSOCIATIONS BANK:** H. R. 12466 (Tollefson) introduced in the House on May 12, 1958, a bill to provide credit facilities for use of fishermen's cooperative associations through establishment of a Bank for Fishermen's Cooperative Associations, and for other purposes; to the Committee on Merchant Marine and Fisheries. The Act to be known as the "Bank for Fishermen's Cooperative Associations Act of 1958." The associations eligible to utilize the credit facilities are those defined in "An Act authorizing associations of producers of aquatic products," approved June 25, 1934 (15 U. S. C. 521, 522).

**FISH AND WILDLIFE CONSERVATION PROGRAM:** H. R. 12371 (Curtis of Missouri) introduced in the House on May 7, 1958, a bill to amend the Act of March 10, 1934, to provide for more effective integration of a fish and wildlife conservation program with Federal water-resource development, and for other purposes; to the Committee on Merchant Marine and Fisheries. This bill is similar in purpose to other House and Senate bills designed to protect fish and wildlife resources and provide for recreational benefits in plans for water-resource development projects. A related bill, H. R. 5497 (Cooley) was passed by the House on February 17, 1958, and referred to Senate Committee on Agriculture and Forestry on February 19, 1958. (See Commercial Fisheries Review, April 1958, p. 83 for additional information on H. R. 5497.)

**HAWAII STATEHOOD:** H. R. 12040 (Libonati) introduced in the House on April 21, 1958, a bill to provide for the admission of the State of Hawaii into the Union; to the Committee on Interior and Insular Affairs. Similar to seven or more other House bills and one Senate bill previously introduced in the First and Second Sessions of the 85th Congress.

**INTERIOR DEPARTMENT APPROPRIATIONS:** H. R. 10746 (Kirwin), a bill making appropriations for the Department of the Interior (including Fish and Wildlife Service) for the fiscal year ending June 30, 1959. Reported (S. Rept. No. 1479), with amendments on April 28, 1958, by the Senate Committee on Appropriations. H. R. 10746 was passed by the Senate on April 30 with all Committee amendments adopted en bloc. Additional amendments were made by the Senate before passage of the bill.

S. Rept. No. 1479, Interior Department and Related Agencies Appropriation Bill, 1959 (April 28, 1958, 85th Congress, 2nd Session, to accompany H. R. 10746), 42 pp., printed. The report by the Senate Committee on Appropriations as it concerns the Fish and Wildlife Service increased funds for fiscal year 1959 over the amounts provided by the House (see Commercial Fisheries Review, April 1958, pp. 83-84 for H. Rept. No. 1346) as follows:

**BUREAU OF SPORT FISH AND WILDLIFE:** Management and Investigations of Resources: The Senate Committee recommended the sum of \$11,616,000 (House recommended \$11,508,000). In addition both the Senate and House Committees added the sum of \$454,625 to be derived from the sale of Pribilof Islands fur-seal skins.

**CONSTRUCTION:** The sum of \$1,458,000 recommended by the House was increased to \$3,879,350

by the Senate Committee. This increase of \$2,421,350 included \$1,691,310 for fish-hatchery facilities, \$30,000 for engineering and surveys on fishery research facility for rice areas, and \$700,000 for wildlife-refuge facilities.

**BUREAU OF COMMERCIAL FISHERIES:** The sum appropriated for this Bureau was unchanged by the Senate Committee from the total of \$6,854,000 approved by the House. An additional \$454,625 derived from the sale of Pribilof Islands fur-seal skins was added and approved by both Committees.

**SMALL BOAT REGULATIONS:** S. 3658 (Magnuson) introduced in the Senate April 21, 1958, a bill to promote safety on the navigable waters of the United States, its Territories and possessions; to provide coordination and cooperation with the States in the interest of uniformity of boating laws; and for other purposes; to the Committee on Interstate and Foreign Commerce. This bill is similar in purpose to H. R. 8474 (Bonner) introduced in first session of the 85th Congress. S. 3658 spells out the details of the proposed amendments to present laws and regulations in greater detail than H. R. 8474. The bill would institute a system of numbering undocumented vessels, establish fees and penalties, and a system for reporting collisions and injuries. Both bills would apply regulations to all motorboats or vessels on the navigable waters of the United States, its Territories and the District of Columbia, and every motorboat or vessel owned in a State and using the high seas.

**SMALL BUSINESS ACT AMENDMENT TO AID FIRMS AFFECTED BY FOREIGN TRADE POLICY:** S. 3664 (Javitts, Ives, Potter, and Saltonstall) introduced in the Senate on April 22, 1958, a bill to provide assistance to small business concerns to facilitate adjustment made necessary by the foreign trade policy of the United States, and for other purposes; to the Committee on Banking and Currency. This bill would provide that where a finding is made by the Tariff Commission of a substantial injury to an industry under the escape clause of the Trade Agreements Act and where a recommendation has been made to the President which the President fails to approve, thereupon a small business concern becomes eligible for loans from the Small Business Administration. Such loans would be based on the disaster loan provisions of the present law. Secondly, provides for small business to pool their productive capacities with the consent of the Federal Trade Commission and Attorney General without violating the antitrust laws. Thirdly, provides amendments to the Internal Revenue Code of 1954 providing for rapid amortization. Numerous other bills have been introduced in both sessions of the 85th Congress to aid small business in one way or another, but this is the first bill that provides aid to firms injured by foreign trade policy.

**SMALL BUSINESS EQUITY AND LONG-TERM LOAN CAPITAL:** H. R. 12026 (Hill), H. R. 12027 (Riehlman), H. R. 12028 (Seely-Brown), H. R. 12029 (McCulloch), H. R. 12030 (Sheehan), H. R. 12031 (Moore) and H. R. 12032 (Patman), introduced in the House on April 21, 1958, bills to amend the Small Business Act of 1953 to provide a source of equity and long-term loan capital for small business concerns in the United States, and for other purposes; to the Committee on Banking and Cur-

Currency. Also S. 3651 (Johnson of Texas and 11 other Senators) introduced on April 21, 1958, S. 3719 (Wiley) introduced on April 28, 1958, and H. R. 12182 (Spence) introduced on April 28, 1958 and referred to the Committees on Banking and Currency and similar in purpose to H. R. 12026 (Hill) and other bills introduced on April 21, 1958. Hearings on bills to aid small business were held by the Senate Committees on Banking and Currency beginning April 24, 1958. Other bills to provide financing on equity capital for small business firms are H. R. 10980 (Multer) introduced February 25, 1958, and S. 720 (Sparkman and others) introduced January 3, 1957. (S. 3651 supersedes S. 720.)

**SMALL BUSINESS TAX RELIEF:** H. R. 12035 (Libonati) introduced in the House on April 21, 1958, a bill to amend the Internal Revenue Code of 1954 so as to establish an initial program of tax relief adjustment for small and independent business and for persons engaged in small and independent business; to the Committee on Ways and Means. Similar to 12 or more other House bills and one Senate bill previously introduced in First and Second Sessions of the 85th Congress.

**STARFISH ERADICATION EMERGENCY PROGRAM:** H. R. 12092 (Wainwright) introduced in the House on April 22, 1958, a bill to provide that the Secretary of the Interior shall develop and carry out an emergency program for the eradication of starfish in Long Island Sound and adjacent waters to the Committee on Merchant Marine and Fisheries; also H. R. 12236 (Cretella) introduced on April 29, 1958; H. R. 12283 (Seely-Brown) introduced on April 30, 1958. Also S. 3753 (Bush) introduced May 6, 1958, referred to the Committee on Interior and Insular Affairs. All similar to H. R. 12092. The bills provide for the dredging of starfish on a large scale by means of many boats with special attention to protection of natural oyster beds and provides \$500,000 for this purpose. In addition, another \$500,000 is provided for the liming of public oyster grounds and the use of lime and other proven chemicals to destroy starfish on shellfish beds. The appropriated funds provide for a one year program with funds to be expended by the Gloucester, Mass., Regional Office of the U. S. Bureau of Commercial Fisheries.

**STATE DEPARTMENT APPROPRIATIONS:** H. R. 12438 (Rooney) introduced in the House on May 12, 1958, a bill making appropriations for Departments of State, Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1959, and for other purposes. H. Rept. No. 1708 to accompany H. R. 12438 was filed by the Committee on Appropriations on May 9 and referred to the Committee of the Whole House on the State of the Union on May 12.

H. Rept. No. 1708, Department of State and Justice, the Judiciary, and Related Agencies Appropriation Bill, Fiscal Year 1959 (May 9, 1958, 85th Congress, 2nd Session, to accompany H. R. 12438), 25 pp., printed. The report by the Committee recommends the following amounts to cover the United States share of the expenses of seven international fisheries commissions: International Pacific Halibut Commission, \$111,000; International Pacific Salmon Fisheries Commission, \$233,000; Inter-American Tropical Tuna Commission, \$363,000; International Commission for the Northwest Atlantic Fisheries, \$5,250; International Whal-

ing Commission, \$600; International North Pacific Fisheries Commission, \$17,650; Great Lakes Fishery Commission, \$900,000; and \$14,400 for expenses of United States Commissioners. The total amount recommended for fiscal year 1959 for international fisheries commissions was \$1,644,900.

Departments of State and Justice, the Judiciary, and Related Agencies Appropriations for 1959 (Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 85th. Congress, 2nd Session, Department of State, January 20-February 11, 1958, 872 pp.), printed. Includes testimony offered by officials of the Departments of State and Interior in support of funds requested for the budget requirements of seven International Fisheries Commissions for fiscal year 1959.

TRADE AGREEMENTS ACT EXTENSION: Renewal of Trade Agreements Act (Hearings before the Committee on Ways and Means, House of Representatives, 85th. Congress, 2nd Session, Part 1, February 17-20, 21, and 24-28, March 3-7, 1958, 1,499 pp., printed; and Part 2, March 10-14, 17-21,

and 24-25, 1958, 2,935 pp.), printed. Reports in detail testimony presented to the Committee on Ways and Means for and against the renewal of the Trade Agreements Act as provided by H. R. 10368 (Mills). Part 2 contains, in addition to other testimony, detailed testimony, by various segments of the fishing industry both for and against the renewal of Trade Agreements Act.

UNEMPLOYMENT RELIEF IN DEPRESSED AREAS: H. R. 11,496 (Dellay) introduced in the House on March 19, 1958, a bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas; to the Committee on Banking and Currency. Similar to two or more other bills introduced in the First Session of the 85th. Congress. Also H. R. 12048 (Libonati) introduced on April 21, 1958, S. 3683 (Douglas and 28 other Senators) introduced on April 23, 1958, and H. R. 12296 (Reuss) introduced on May 1, 1958. These bills are similar to H. R. 11496, and other bills introduced in the first session of the 85th. Congress.



#### NORTH ATLANTIC SEA SCALLOP GROUNDS

Many sea scallop grounds are known and fished. Port au Port Bay, Newfoundland; Northumberland Strait, Prince Edward Island; the Digby and Grand Manan areas of the Bay of Fundy; the bays of the Maine coast; Stallwagen Bank and Cape Cod Bay; the Hudson Canyon area; and the Virginia Capes, all support small local fleets of sea scallopers. The total catch from all these areas, however, is small when compared to the crop which the New Bedford boats harvest from Georges Bank. About 60 percent of the total sea-scallop catch is landed at New Bedford and almost all of it comes from Georges Bank. Sea scallops caught on Georges Bank are also landed at Gloucester, Mass.; Rockland, Me.; and Lunenburg, Nova Scotia.

The greatest known sea scallop grounds are found between the 20- and the 50-fathom curves on Georges Bank. A dredge set almost anywhere in this area will bring up at least a few sea scallops. Within this general area, the Northern Edge, the Northeast Peak, the Southwest Part, and the South Channel grounds have been, for the past 10 years, the most consistent producers of sea-scallop crops. Many areas that are known to have concentrations of large sea scallops are not usually fished because the rough bottom damages the gear excessively.

--Fishery Leaflet 442, Sea Scallop Boats and Gear, August 1957.