

preclude any person, engaged in commerce, in the course of such commerce, from offering an article "Free", in combination with an article sold, but in any such case the cost of the "Free" article shall be considered as a part of the cost of the article sold.

(a) For the purpose of this section the term "cost" as applied to production is hereby defined as including the cost of raw materials, labor and all overhead expenses of the producer; and as applied to distribution, "cost" shall mean the invoice or replacement cost, whichever is lower, of the article, product or commodity to the distributor and vendor plus the cost of doing business by said distributor and vendor.

(b) For the purposes of this section, the phrase "cost of doing business" or "overhead expense" is defined as (1) 6% of the cost of production or the invoice or replacement cost, whichever is lower, as the case may be, or (2) all costs of doing business incurred in the conduct of such business and must include without limitation the following items of expense: labor (including salaries of executive and officers), rent, interest on borrowed capital, depreciation, selling cost, maintenance of equipment, delivery costs, credit losses, all types of licenses, taxes, insurance and advertising.

116. In establishing the cost of a given article, product or commodity to the distributor and vendor, the invoice cost of said article, product or commodity purchased at a forced, bankrupt, close out sale, or other sale outside of the ordinary channels of trade may not be used as a basis for justifying a price lower than one based upon the replacement cost as of date of such sale of said article, product or commodity replaced through the ordinary channels of trade, unless said article, product or commodity is kept separate from goods purchased in the ordinary channels of trade and unless said article, product or commodity is advertised and sold as merchandise purchased at a forced, bankrupt, close-out sale, or by means other than through the ordinary channels of trade, and said advertising shall state the conditions under which said goods were so purchased, and the quantity of such merchandise to be sold or offered for sale.

117. The provisions of Sections 115 and 116 shall not apply to any sale made:

(a) In closing out in good faith the owner's stock or any part thereof for the purpose of discontinuing his trade in any such stock or commodity, and in case of the sale of seasonal goods or to the bona fide sale of perishable goods to prevent loss to the vendor by spoilage or depreciation, provided prior notice is given to the public thereof;