

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

Docket 8402. Complaint, May 18, 1961—Decision, Sept. 25, 1962

Order requiring Chicago watch distributors to cease pre-ticketing watches with fictitious prices, giving deceptive guarantees, misrepresenting base metal bezels as chrome or gold, representing watches in cases imported from

Hong Kong as Swiss watches, falsely representing watches as "25 jewel", "shock proof", "water protected", etc., and themselves as manufacturers of the watches they distributed.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Hilton Watch & Co., Inc., a corporation, and Warren Winkler and Adolph Winkler, individually and as officers of said corporation, and Winkler Watch Company, a corporation, and Milton Winkler, individually and as an officer of said corporation, 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 Hilton Watch & Clock Co., 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 75 West 45th Street, in the city of New York, State of New York. Respondent Winkler Watch Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business at 29 East Madison, Chicago, Ill.

Respondents Warren Winkler and Adolph Winkler are officers of the corporate respondent Hilton Watch & Clock Co., Inc., and Milton Winkler is an officer of the corporate respondent Winkler Watch Company. They formulate, direct, and control the acts and practices of the respective corporate respondents, including the acts and practices hereinafter set forth. Their address is the same as that of the respective corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the sale and distribution of watches to consumers and to retailers for resale to the public.

PAR. 3. In the course and conduct of their business respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the States of New York and Illinois to purchasers thereof located in various other States of the United States and in the District of Columbia and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith, by attaching, or causing to be attached, tickets to their said watches upon which certain amounts are printed, thereby representing directly or by implication that said amounts are the usual and regular retail prices of said watches. In truth and in fact, the said amounts are fictitious and in excess of the usual and regular retail prices of said watches.

PAR. 5. Respondents state in their advertising that their watches are "Fully Guaranteed" and respondents distribute with their said watches a guarantee certificate which does not reveal the limitations and conditions of the guarantee, including the condition that a service charge is made for repairs. The respondents further represent on their guarantee certificates that their watches contain a shock absorbing device known as "Incabloc" and that their watches are advertised in leading nationally distributed magazines.

Respondents make substantial service charges for repairs made under their guarantee. Furthermore, not all the respondents' watches contain the "Incabloc" device or any other shock absorbing device and respondents do not advertise their watches in leading nationally distributed magazines.

PAR. 6. Certain of the watches offered for sale and sold by respondents are in cases which consist of two parts, that is, a back and a bezel. The back part has the appearance of stainless steel and is marked "stainless steel back". The bezel is composed of base metal other than stainless steel which has been treated or processed to simulate or have the appearance of precious metal or stainless steel. Some of the bezels are finished in a color which simulates silver or silver alloy or stainless steel. Some of the bezels are finished in a color simulating gold or gold alloy. Said watch cases are not marked to disclose that the bezels are composed of base metal or metal other than stainless steel.

The practice of respondents in offering for sale and selling watches, the cases of which incorporate bezels composed of base metal which has been treated or processed to simulate or have the appearance of precious metal or stainless steel as aforesaid, without disclosing the true metal composition of said bezels is misleading and deceptive and has a substantial tendency and capacity to lead members of the purchasing public to believe that the said bezels are composed of precious metal or stainless steel.

Respondents market some of their watches in watch cases with bezels which have the appearance of being "rolled gold plate", "gold filled"

or solid gold, and respondents do not disclose that these bezels are composed of a stock of base metal to which has been electrolytically applied a flashing or coating of precious metal of a very thin and unsubstantial character. This practice is deceptive and confusing to the consuming public unless the thin and unsubstantial character of the flashing or coating is disclosed by an appropriate marketing.

PAR. 7. Certain of the watches offered for sale and sold by respondents are in cases imported from Hong Kong. When delivered to respondents' customers for resale said watches have the word "Swiss" on the dials. There is no disclosure of the fact that the watch cases are imported from Hong Kong.

The practice of respondents in offering for sale and selling watches the cases of which are imported from Hong Kong, as aforesaid, without disclosing the country or place of origin of said watch cases is misleading and deceptive, because in the absence of a disclosure of the country of origin of said watch cases, the public understands and is led to believe that the said cases are either of domestic or Swiss origin.

There is a preference on the part of many persons in this country for watch cases of domestic and Swiss origin over watch cases manufactured in Hong Kong.

PAR. 8. Respondents misrepresent the gold content of their watch cases by referring to them as "gold plated," "gold plate" or "gold filled" in their advertising. Such representations are deceptive because the gold deposited thereon is not a substantial surface plating of gold alloy applied by a mechanical process but is an electrolytic application.

PAR. 9. Respondents represent in advertising through use of terms such as "chrome top" that certain of their watch cases contain tops or bezels composed throughout of chromium or chromium steel, commonly known as chrome steel or as stainless steel. In truth and in fact said bezels are not composed throughout of chromium or chromium steel and contain only a surface coating or plating of chromium. The practice of respondents in this respect is misleading and deceptive and watch cases or parts thereof composed throughout of chromium or chromium steel are of greater utility than watch cases which are only surface coated or plated with chromium or chromium alloy.

PAR. 10. Respondents further deceptively represent that their watches are "shock-proof" or "shock-protected". In truth and in fact their watches are not "shock-proof" or "shock-protected" in every respect.

PAR. 11. The respondents distribute watches containing 17 jewel movements made in, and imported from Switzerland, to which movements have been added a device containing 8 synthetic jewels. The

watches are represented, advertised, offered for sale and sold by respondents as "25" jewel watches, to retailers and consumers.

PAR. 12. By means of the statements that the said watches are 25-jewel watches, respondents represent that said watches contain 25 jewels, each of which serves a mechanical purpose as a frictional bearing, that each jewel provides a mechanical contact at a point of wear. In fact, the additional jewels in the device are not functional, and these watches are not 25-jewel watches as represented and advertised.

PAR. 13. Respondents in their catalogs, letterheads, circulars and other printed matter, which are distributed to prospective purchasers, have represented, and do represent, that the building depicted in such advertising matter is owned by them and that their watches are manufactured in said building by them. Respondents in fact do not own the building depicted nor are their watches manufactured in said building. Respondents in fact are not manufacturers of watches.

PAR. 14. Respondents in the course and conduct of their business for the purpose of inducing the sale of their said watches have caused, and now cause, to be marked upon their watch cases the words "water resistant" or "water protected", and have advertised certain of their watches as "water resistant" and "water protected". In truth and in fact said watch cases are neither water resistant nor water protected.

PAR. 15. In the conduct of their business at all times mentioned herein respondents have been in substantial competition in commerce with corporations, firms, and individuals in the sale of watches of the same general kind and nature as that sold by respondents.

PAR. 16. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of such erroneous and mistaken belief. As a consequence thereof substantial trade in commerce has been and is being unfairly diverted to respondents from their competitors and substantial injury has thereby been and is being done to competition in commerce.

PAR. 17. The aforesaid acts and practices of respondents as herein alleged were and are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

Mr. Harry E. Middleton, Jr., of Washington, D.C., supporting the complaint.

Noble & Moyle, Mr. Ben Paul Noble, of Washington, D.C., for respondents.

INITIAL DECISION BY HERMAN TOCKER, HEARING EXAMINER

In a complaint issued May 18, 1961, all the respondents were charged with engaging in unfair and deceptive acts and practices and unfair methods of competition in commerce in violation of The Federal Trade Commission Act.

After due service, respondents appeared herein by counsel and filed an answer, in effect a general denial since they admitted only that they were engaged in the sale and distribution of watches to consumers and to retailers for resale to the public, and that the corporate respondents were organized and did business as alleged in a portion of the first paragraph of the complaint.

After various preliminary proceedings, this case came on for hearing before me in New York City on February 12, February 13, February 15, and February 16, 1962. Counsel supporting the complaint then was forced to request a continuance and recess to the city of Chicago, Illinois, because of the failure of the individual respondents to attend the hearing. This was done in spite of the announced policy of the Commission that a hearing be held in one place and at one continuous session and in spite of a provision to that effect in the pretrial order to which counsel for the respective parties had agreed. Having been led to believe that the individual respondents would attend in Chicago, Illinois, I granted the request of both attorneys that the hearing continue in that city.* It was reconvened in Chicago on February 26, and we attended in that city both on that day and on the day following. The sole purpose for continuing the hearing to Chicago was frustrated because the individual respondents failed to attend despite persistent efforts on the part of both their own attorney and of counsel supporting the complaint to get them so to do. Except for the fact that counsel for the respondents diligently participated in the examination and cross-examination of witnesses called in support of the complaint, made numerous motions before, during and after the hearing, and obtained permission to have incorporated in the record of this case testimony of a witness in another case, no defense was offered and no testimony was given by any of the individual re-

*Since this case had been commenced prior to the promulgation of the rules currently in effect, it was not necessary for me to certify the necessity for such continuance to the Commission.

spondents either as individuals or in their capacity as officers of the corporate respondents. Their failure to attend and to testify, while it does not cast this case into the mold of a default proceeding, does result in giving whatever support evidence appears in the record of this case greater probative value than it would have if the respondents had offered any sworn testimony in opposition thereto.

This is another in a long series of watch cases. It embraces the entire gamut of issues found in previous cases, including fictitious pricing (preticketing), false guarantees, and misrepresentations as to shock absorbing qualities, water resisting characteristics, nature of metal content, foreign origin, jewel count, and status as manufacturers.

Whether the failure of the individual respondents to attend upon the hearing is due to their lack of interest in what the outcome may be is a matter for speculation. The continued advocacy on their behalf by their attorney would indicate the contrary. On the other hand it developed, first during the hearing in New York and later during that portion of it held in Chicago, that the corporate respondent, Hilton Watch & Clock Co., Inc., (which on the record was considered to be synonymous with Hilton Watch Company) is no longer in business, and that the Winkler Watch Company had made a common law assignment for the benefit of creditors using the style, "Winkler Watch Company, Inc., a/k/a Hilton Watch Company." (Because the order herein will be directed to the corporate respondents as well as to the individuals, it is expressly noted here that there is no evidence in the record that either of the corporations has been dissolved.)

The hearing has been closed and proposed findings of fact and conclusions have been submitted by all counsel. After careful consideration, all proposed findings not hereinafter specifically found or concluded, to the extent that they are modified or amended and thus accepted by me, are rejected as being irrelevant, unnecessary or not supported by the evidence.

The motion made on the part of the respondents, following the conclusion of the hearing, to strike certain exhibits is hereby denied. All other motions made during the hearing, the granting of which would be inconsistent with the findings and conclusions hereinafter made, are likewise denied.

Now, having considered the entire record, I hereby make the following

FINDINGS OF FACT

1. Respondent Hilton Watch & Clock Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. It formerly maintained its office and prin-

cipal place of business at 75 West 45th Street, in the city of New York, State of New York. Respondent Winkler Watch Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. It formerly maintained its office and principal place of business at 29 East Madison Street, Chicago, Illinois. Recently both corporations moved to 343 South Dearborn Street, Chicago, Illinois. Although these corporations were separate legal entities, their activities, insofar as this case is concerned, were so intertwined as to justify a disregard of the corporate veils.

2. Shortly before or during the time that the hearing of this case was in progress, the corporate respondent, Winkler Watch Company, made a common law assignment for the benefit of creditors, naming itself as "Winkler Watch Company, Inc., a/k/a Hilton Watch Company."

3. Warren Winkler is president and Adolph Winkler is secretary-treasurer of Hilton Watch & Clock Co., Inc. Warren Winkler is president and Milton Winkler is vice president of Winkler Watch Company. They formulated, directed and controlled the acts and practices of the respective corporate respondents, including the acts and practices hereinafter set forth. Their addresses were the same as those of the respective corporate respondents.

4. For many years respondents have been engaged in the sale and distribution of watches to consumers and to retailers for resale to the public and, although they have made an assignment for the benefit of creditors, there is no evidence that the corporate respondents have been dissolved and there is no reason to believe that the respondents will not engage in said business in the future.

5. In the course and conduct of their business, respondents have caused their products, when sold, to be shipped from their places of business in the States of New York and Illinois to purchasers located in other states of the United States. They have maintained a substantial course of trade in said products in commerce, as "commerce" is defined in The Federal Trade Commission Act.

6. Respondents have engaged in the practice of setting fictitious prices for the purpose of inducing the purchase of their products. They do this by attaching or causing to be attached price tickets to their watches or placing such tickets in watch packages or using literature related thereto. The prices on these tickets or in the literature are printed in a manner calculated to represent, or to be susceptible of being understood as representing, that the fair and reasonable and therefore the true selling prices of such watches are the amounts stated. Respondents thereby represent, directly or by implication, that such

amounts are the usual and regular retail prices of said watches. In truth and in fact the said amounts are exaggerated beyond any reasonable and fair relationship to the true worth of the watches, are in excess of their usual and regular retail prices, and are fictitious.

7. Respondents have stated in their advertising that "Every Hilton Watch is insured for 12 months against any kind of . . . breakage, including all parts, crystal or watch band." They also have distributed with their watches a paper containing, at different places on it, inconsistent and incomplete statements describing a guarantee. This paper (and not the first-mentioned insurance statement) is delivered with many of the models sold by respondents. It limits the guarantee to "original defect"(s) in one part of it and in another part to "mechanical defects." These two parts are each decorated to resemble a bond or other financial instrument. The part which is entitled "Hilton Guarantee" does not limit its effect as to time. The other, beginning in large letters, "This certifies that," limits the time of guarantee to one year.

8. Respondents have represented that all their watches contain a shock absorbing device known as "Incabloc." In fact, many of the models sold by them did not contain such device.

9. Certain of the watches offered for sale and sold by respondents were in cases consisting of two parts, that is to say, a back and bezel. (A bezel is the grooved rim or flange on the face of the watch, in which the crystal is set.) The back had the appearance of stainless steel and was marked, "stainless steel back." The bezels were composed of base metal, not stainless steel, which had been treated or processed to simulate or have the appearance of precious metal or stainless steel. Some were finished in a color which simulated silver or silver alloy or stainless steel. Such watch cases were not marked to disclose that the bezels were composed of base metal or metal other than stainless steel.

10. Respondents represented in advertising, through use of terms such as "chrome top," that others of their watch cases contained tops or bezels composed throughout of chromium or chromium steel, commonly known as chrome or stainless steel. In truth and in fact, said bezels were not composed throughout of chromium or chromium steel and contained only a surface coating or plating of chromium.

11. Respondents' practices in offering for sale and selling watches the cases of which incorporated bezels composed of base metal which had been treated or processed to simulate or to have the appearance of precious metal or stainless steel as aforesaid, without disclosing their true metal composition, and of falsely representing that watch tops and bezels were composed of chromium or stainless steel, were mislead-

ing and deceptive. They had the tendency and capacity to lead a substantial segment of the purchasing public to believe that the bezels actually were composed of precious metal or of chromium or stainless steel.

12. Respondents marketed some of their watches in watch cases with bezels which had the appearance of being "rolled gold plate," "gold filled" or "solid gold." They did not disclose that these bezels had been composed of a stock of base metal to which had been applied electrolytically a flashing or coating of precious metal of a very thin and unsubstantial character. This practice is deceptive and confusing to the consuming public unless the thin and unsubstantial character of the flashing or coating is disclosed by an appropriate marking.

13. Some of respondents' watches are in cases which have the appearance of gold and are advertised as gold plate, when in fact they are made of anodized aluminum and contain no gold.

14. Respondents represented their watch cases as "gold plated," "gold plate" or "gold filled." Such representations were deceptive because the gold deposits thereon were merely electrolytic applications and were not substantial surface platings of gold alloy applied by mechanical process.

15. Respondents, without qualifying statements, represented that their watches were "shock proof" or "shock protected." In truth and in fact, the watches were not "shock proof" or "shock protected" in every respect because such as were protected from shock were protected only as to their movements and, in no case, were the hands, the crown, the pallet, the pivots other than the balance, the stem, tube, and crystal not subject to damage from shock.

16. Respondents advertised and offered for sale their watches as Swiss watches and thereby represented that they were manufactured in Switzerland. Certain of said watches were cased in cases imported from Hong Kong and respondents did not visibly disclose thereon that the cases had been so imported.

17. Respondents' practice of offering for sale and selling watches, advertised as Swiss watches, in cases imported from Hong Kong, without disclosing visibly the country or place of origin of the watch cases was misleading and deceptive because, in the absence of disclosure of origin of said watch cases, a substantial segment of the public may understand and may be led to believe that such watches are set in cases of Swiss origin.

18. A substantial segment of the American purchasing public prefers watches made wholly in Switzerland. Numerous purchasers are prejudiced against purchasing watches whose cases are manufactured

in Hong Kong. All these are in numbers sufficient to warrant remedial action by the Federal Trade Commission under The Federal Trade Commission Act.

19. Respondents distributed watches containing 17 jewel movements, made in and imported from Switzerland, to which movements had been added a device containing 8 synthetic "jewels." The watches were represented, advertised, offered for sale and sold by respondents as "25 jewel" watches to retailers and consumers. Respondents thereby represented that said watches contained 25 jewels each of which served a mechanical purpose as a frictional bearing and that each jewel provided a mechanical contact at a point of wear. In fact, the 8 additional "jewels" in the device were not functional and these watches were not "25 jewel" watches as represented and advertised.

20. Respondents, in catalogs, letterheads, circulars and other printed matter distributed to prospective purchasers, have represented that a large and imposing building depicted therein or thereon was the "home of the world famous Hilton watches" and that their watches were manufactured in that building by them. Most if not all of the watches sold and distributed by respondents were not manufactured there. Respondents in fact are not manufacturers of watches.

21. Respondents, in the course and conduct of their business, for the purpose of inducing the sale of their said watches, have caused to be marked upon their watch cases the words "water resistant" or "water protected." They have advertised certain of their watches as "water resistant" and "water protected." Numerous watch cases so designated or advertised are neither water resistant nor water protected.

22. In the conduct of their business at all times mentioned herein, respondents have been in substantial competition in commerce with corporations, firms and individuals in the sale of watches of the same general kind and nature as sold by respondents.

And, from the foregoing, the following are my

CONCLUSIONS

1. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, would have, and will have the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of such erroneous and mistaken belief. As a consequence thereof, substantial trade in commerce has been, is being, and would be unfairly diverted to

respondents from their competitors, and substantial injury has thereby been, is being, and would be done to competition in commerce.

2. The acts and practices of respondents as herein found were, are, and would be all to the prejudice and injury of the public and of respondents' competitors and constituted, now constitute, and would constitute unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of The Federal Trade Commission Act.

After careful consideration of the entire record, I have concluded that it is necessary and appropriate to effectuate the intent and policy of the Act to enter the following

ORDER

It is ordered, That respondents Hilton Watch & Clock Co., Inc., a corporation, and its officers and Warren Winkler and Adolph Winkler, individually and as officers of said corporation, Winkler Watch Company, a corporation, and its officers, and Milton Winkler, individually and as an officer of said corporation and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of watches or any other merchandise in commerce, as "commerce" is defined in The Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by preticketing or by implication, that any amount is the regular or usual retail price of merchandise when such amount is in excess of the price at which the merchandise is usually and regularly sold at retail in any trade area or areas where the representations are made.
2. Representing, directly or by implication, that watches are guaranteed unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly, completely, and conspicuously disclosed.
3. Representing that their watches are "shock proof" or "shock protected" or otherwise representing that their watches possess greater shock resistance than is the fact.
4. Offering for sale or selling watches, the cases of which are in whole or in part composed of base metal which has been treated to simulate precious metal without clearly and conspicuously disclosing on such cases or parts, the true metal composition of such treated cases or parts.
5. Using the term "gold plate," "gold plated," or "gold filled," or any other word or term of similar import or meaning, to desig-

nate, describe or refer to any watch case or part thereof which does not have a surface plating of gold or gold alloy applied by a mechanical process, provided, however, that any product, or part thereof, on which a substantial coating of gold or gold alloy has been affixed by an electrolytic process may be marked or described as gold electroplate or gold electroplated.

6. Offering for sale or selling watches, the cases of which are in whole or in part composed of base metal which has been treated with an electrolytically applied flashing or coating of precious metal of thin and unsubstantial character without clearly and conspicuously disclosing on such cases or parts, in understandable English language, the thin and unsubstantial character of the flashing or coating.

7. Using the term "chrome" or any other term of similar meaning, to designate or describe an article or part thereof, which consists of a plating of chromium over other metal unless said term be accompanied by a clear and conspicuous disclosure that the article is plated.

8. Representing, directly or by implication, that their watches contain a designated number of jewels such as "25 jewels" unless such watches actually contain the stated number of jewels, each and every one of which serves a mechanical purpose as a frictional bearing.

9. Representing in advertising on letterheads, billheads or in any other manner, that respondents are manufacturers of watches or that watches sold by them are made in any particular factory unless, at some future time, they actually become manufacturers or unless such watches are actually made in that factory.

10. Representing that their watches are water resistant or water protected unless such representations are made with respect to watches which actually are water resistant or water protected.

11. Offering for sale or selling watches represented to be "water resistant" unless such watches are so constructed, and are of such a composition, as to provide protection against water or moisture to the extent of meeting the test designated test number 2 of the Trade Practice Conference Rules for the watch industry, as set forth in the Code of Federal Regulations, Title 16, Chapter 1, part 170.2(c) ; (16 CFR 170.2(c)).

12. Offering for sale, or selling, watches the cases of which are in whole or in part of foreign origin without clearly and conspicuously disclosing on such cases or parts the foreign country or place of origin.

13. Representing that a watch contains an "Incabloc" or other device, when such is not the fact.

ORDER VACATING PRIOR ORDER, DECISION OF THE COMMISSION AND
ORDER TO FILE REPORT OF COMPLIANCE

The hearing examiner having filed his initial decision in this matter on May 29, 1962, wherein he ordered respondents to cease and desist from those practices found to violate the Federal Trade Commission Act; and service of said initial decision having been completed on all parties herein; and

It appearing that although the time for filing of a petition for review of said initial decision by respondents had expired, the Commission, on respondents' motion filed June 25, 1962, granted respondents an extension of time within which to file said petition; and

It further appearing that a petition for review of the initial decision was filed by respondents on July 3, 1962, and that said petition was granted by Commission order issued July 24, 1962; and

It further appearing that although the time for filing of exceptions to the initial decision and brief in support thereof by respondents had expired, the Commission on respondents' motion filed August 30, 1962, granted respondents an extension of time to and including September 17, 1962, within which to file said exceptions and brief; and

The respondents having failed to file their exceptions to the initial decision and brief in support thereof, as provided by § 4.21(a) of the Commission's Rules of Practice, within the time allowed:

It is ordered, That the aforesaid order of the Commission, issued July 24, 1962, granting the respondents' petition for review be, and it hereby is, vacated and set aside.

It is further ordered, That the initial decision of the hearing examiner, filed May 29, 1962, be, and it hereby is, adopted as the decision of the Commission.

It is further ordered, That the respondents 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 the order to cease and desist.

Complaint

61 F.T.C.

IN THE MATTER OF

SANDURA COMPANY

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

Docket 7042. Complaint, Jan. 15, 1958—Decision, Sept. 26, 1962

Order requiring the Philadelphia manufacturer of "Sandran" vinyl plastic floor and wall coverings and counter tops to cease using restrictive trade practices which unreasonably restrained competition in the interstate sale of its products, including restricting the geographical areas of sale and purchase of its dealers and distributors, fixing and requiring maintenance of its resale prices, refusing to sell to dealers or distributors suspected of non-cooperation, and policing and enforcing its said policies by a variety of practices, as in the order below more specifically set forth.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Sandura Company, a corporation, referred to hereinafter as respondent, has violated the provisions of Section 5 of the Federal Trade Commission 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 as follows:

PARAGRAPH 1. Respondent is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 17th and Sansom Streets, Philadelphia 3, Pa.

PAR. 2. Respondent is now, and for many years last past has been, engaged in the manufacturing and selling of vinyl plastic products, including floor coverings, wall coverings, and counter tops, under the brand name "Sandran". Respondent markets such products nationally through approximately fifty distributors and many hundreds of dealers. Respondent sells to certain dealers (such as mail order houses and chain stores) and to its distributors who resell such products to other distributors and to dealers for resale. Its dealers sell to other dealers and to consumers. In many instances said dealers also install such products.

PAR. 3. In the course and conduct of its business respondent is now and has been at all times referred to herein engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act, in that it ships such products, or causes such products to be shipped, from