

Complaint

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IN THE MATTER OF

W.M.R. WATCH CASE CORP. ET AL.

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

Docket 8573. Complaint, May 31, 1963—Decision, Mar. 24, 1964

Order requiring New York City distributors of watch cases to watch makers, assemblers of watches and wholesalers of watch makers' supplies, to cease selling watch cases and bezels made of base metal treated to simulate precious metal or stainless steel, or treated with an unsubstantial flashing of precious metal, without conspicuously disclosing the true metal composition; advertising and branding watch cases falsely as "water resistant"; selling watch cases from Hong Kong with housing movements from Switzerland and dials marked "Swiss," without conspicuous disclosure of their foreign origin.

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 W.M.R. Watch Case Corp., a corporation, and Sheldon Parker, individually and as an officer of said corporation, and Sophia K. Cohen Huff and Sheldon Parker, co-partners trading as W.M.R. Watch Case Company, 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 this complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent W.M.R. Watch Case Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 188 West 4th Street, in the city of New York, State of New York.

Respondent Sheldon Parker is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Respondents Sophia K. Cohen Huff and Sheldon Parker are co-partners trading as W.M.R. Watch Case Company. Their principal office and place of business is the same as that of the W.M.R. Watch Case Corporation.

All of the aforesaid respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of watch cases to watch makers, assemblers of watches and wholesalers of watch makers' supplies 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 State of New York to purchasers thereof located in various other States of the United States, 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. Certain of the watch cases offered for sale and sold by respondents 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 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 to offering for sale and selling watch cases which incorporate bezels composed of base metal which have 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 watch cases with bezels having 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 marking.

PAR. 5. Respondents, in the course and conduct of their business and for the purpose of inducing the sale of their said watch cases have caused, and now cause, to be marked upon their watch cases the words "water resistant", and have advertised certain of their watch cases as "water resistant".

In truth and in fact, said watch cases are not water resistant. Therefore such representations were and are false, misleading and deceptive.

PAR. 6. Respondents import watch cases from Hong Kong and sell and distribute said watch cases without disclosing the country of origin of said watch cases except on the inside of the bezel which cannot be seen by prospective consumer purchasers after the watch movements have been assembled into the cases.

PAR. 7. The watch cases are used by watch movement importers to house and protect movements, many of such movements are imported from Switzerland. In such cases the dials are usually marked "Swiss". Therefore, in the absence of an adequate disclosure that the watch cases are of Hong Kong origin, the public believes and understands that they are of domestic or Swiss origin, a fact of which the Commission takes official notice.

As to such watch cases, a substantial portion of the purchasing public has a preference for domestic or Swiss products, of which fact the Commission also takes official notice. Respondents' failure clearly and conspicuously to disclose the country or place of origin of said watch cases is, therefore, to the prejudice of the purchasing public.

PAR. 8. 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 watch cases of the same general kind and nature as that sold by respondents.

PAR. 9. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations and practices, has had, and now has, the capacity and tendency to mislead and deceive 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 said watch cases by reason of said erroneous and mistaken belief.

PAR. 10. 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 methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

Mr. Harry E. Middleton, Jr., for the Commission.

Mr. B. Paul Noble, Washington, D.C., for respondents.

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Initial Decision

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

OCTOBER 7, 1963

The respondents are charged in the Commission's complaint with violation of the Federal Trade Commission Act in connection with the sale of watch cases. Reception of evidence in the proceeding was concluded on August 12, 1963, at the close of a hearing held in New York, New York, on that date. Proposed findings and conclusions have been submitted by counsel for the respective parties. Commission counsel has not requested oral argument before the hearing examiner. While at the hearing respondents' counsel did request such argument, the request has since been withdrawn and the case is now before the hearing examiner for final consideration. Any proposed findings or conclusions not included herein have been rejected as not material or as not warranted by the evidence.

The corporate respondent, W.M.R. Watch Case Corp., is a New York corporation, with its principal office and place of business at 62 West 47th Street (formerly 188 West 4th Street), New York, New York.

Respondent Sheldon Parker is president of the corporation and formulates its policies and directs and controls its acts and practices (Resp. Ans.).

The corporation was organized in 1954. However, it was dormant for several years, the business being operated as a partnership under the name W.M.R. Watch Case Company. The partners were Mr. Parker and respondent Sophia K. Cohen Huff. Mrs. Huff's participation in the business was solely of a financial nature; that is, she supplied funds for use in the operation of the business. She had nothing to do with the formulation of policies nor with the actual operation of the business. In 1962 the corporation was reactivated and the partnership dissolved. At no time has Mrs. Huff had any connection with the corporation. In short, her relationship to the business has been completely severed (Tr. 6, 57-59).

In the circumstances, it is concluded that no useful purpose would be served by retaining Mrs. Huff as a party to the proceeding and that the complaint should be dismissed as to her. The term respondents, as used hereinafter, will not include her unless the contrary is indicated.

Respondents are and have been engaged in the sale and distribution of watch cases, the cases being sold by them to watch manufacturers, assemblers of watches, and wholesalers of watch-maker supplies.

In the sale and distribution of their products respondents are and have been engaged in interstate commerce, shipping their products when sold, from their place of business in the State of New York to numerous purchasers located in various other States of the United States (Tr. 2; CXs 3, 6, 8, 10).

In the course and conduct of their business, respondents are in substantial competition in interstate commerce with other corporations, firms, and individuals engaged in the sale of watch cases of the same general nature (Tr. 2-3).

The first issue raised in the complaint involves an alleged failure on the part of respondents to disclose the metal content of bezels used in certain of their cases. One watch case exemplifying respondents' practice in this regard is Commission Exhibit 1. The back of this case is made of stainless steel and is properly stamped "Stainless Steel Back". However, the bezel is made of a base metal, brass, which, as a result of treating or processing, has the appearance of silver or white gold. There is no marking either on the bezel or on the back of the case to indicate the true metal content of the bezel (CX 1; Tr. 13-14, 34, 35).

The charge in the complaint is that in the absence of adequate disclosure as to the actual metal content of the bezel a substantial portion of the consuming public will be misled by the appearance of the bezel and believe it to be made of precious metal.

In the examiner's opinion the charge is well founded. While there is no testimony on the point, such testimony is unnecessary in view of the appearance of the watch case itself. Unquestionably many members of the public would believe the bezel to be made of silver or white gold.

The same principle is applicable to another watch case of respondents, Commission Exhibit 2. Here again the back of the case is made of stainless steel and is so marked. The bezel, however, is made of brass which has been electroplated or flashed with a very thin coating of gold. In consequence, the bezel has the appearance of gold and in the absence of adequate disclosure would be accepted as such by many members of the public. There is no marking on either the back or the bezel showing the actual metal content of the bezel (CX 2; Tr. 13, 29).

The next charge in the complaint is that respondents have represented, contrary to fact, that certain of their watch cases are water resistant.

Nine of respondents' watch cases were obtained by Commission investigators from purchasers in Chicago, Illinois (in two of

the cases watch movements had been installed; that is, the articles obtained were complete watches). All of the cases are stamped on the back "Water Resistant". After being prepared for testing by a competent watch maker, the nine cases were subjected to tests by a recognized testing laboratory. The testing procedure used was that prescribed in the Commission's Trade Practice Rules for testing watch cases represented as water resistant. All nine of the cases failed the test (CXs 4A-C, 5, 7, 9A-C, 11; Stip. of counsel, Tr. 40-45; Trade Practice Rules, CX 15).

It is therefore concluded that respondent's representation of its cases as water resistant was unwarranted and misleading.

Finally, the complaint raises the issue of the alleged failure of respondents to disclose adequately the fact of the foreign origin of certain of their watch cases.

Respondents import many of their cases from Hong Kong. In some instances, marks indicating the place of origin appear on the inside of the back of the case, in other instances on the inside of the bezel, and in still other instances on the inside of both back and bezel. In any event, after the movement and dial have been placed in the case by the watch manufacturer, that is, after the complete watch has been assembled, the markings as to foreign origin are no longer visible. They are covered up by the movement and dial. There is no marking at all as to foreign origin on the outside of either back or bezel (Tr. 50-53, 56-57).

The failure of respondents to disclose adequately the foreign origin of such cases is accentuated by the fact that frequently watch manufacturers assemble into such cases watch movements which have been imported from Switzerland. In such instances the dial used in the watch usually bears the word "Swiss" (CX 7, Resp. Ans.).

In the absence of adequate disclosure that the cases are of Hong Kong origin, the public believes and understands that they are of domestic or Swiss origin. Official notice to this effect was taken by the Commission in the complaint. And further official notice was taken in the complaint that there is a preference on the part of a substantial portion of the public for domestic or Swiss watch cases over cases imported from Hong Kong. In neither instance was evidence offered by respondents to the contrary.

On this issue (failure to disclose foreign origin), it is concluded that respondents fail to disclose adequately that certain of their watch cases are of Hong Kong origin, and that such failure is misleading and prejudicial to the public.

In justice to respondents, it should be noted that some two years ago they discontinued representing any of their watch cases as water

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resistant, and also for about the same period of time they have been placing markings on the outside of their cases showing the metal content of both back and bezel. It should also be noted that both Mr. Parker and respondents' counsel were highly cooperative at the hearing, stipulating much of the evidence and thus obviating extended hearings.

The practices of respondents, as described herein, have the tendency and capacity to mislead a substantial number of members of the consuming public with respect to respondents' watch cases, and to cause such persons to purchase such cases or watches of which such cases form a part. In consequence, substantial trade has been diverted unfairly to respondents from their competitors. Respondents' practices constitute unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of the Federal Trade Commission Act. The proceeding is therefore in the public interest.

ORDER

It is ordered, That respondent W.M.R. Watch Case Corp., a corporation, and its officers, and respondent Sheldon Parker, individually and as an officer of said corporation, and also as a co-partner trading as W.M.R. Watch Case Company or under any other name, 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 watch cases in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale or selling watch cases composed in whole or in part of base metal which has been treated to simulate precious metal, without clearly disclosing on the exterior of such cases the true metal composition of such treated cases or parts;
2. Representing as water resistant any watch cases which are not such in fact;
3. Offering for sale or selling watch cases which are in whole or in part of foreign origin, without clearly disclosing on the exterior of such cases the name of the foreign country or place of origin of such cases or parts.

It is further ordered, That the complaint be dismissed as to respondent Sophia K. Cohen Huff.

FINAL ORDER

The Commission, having considered the briefs filed in the cross-appeals of respondents and complaint counsel, denies respondents' appeal and grants complaint counsel's appeal except as to respondent Sophia K. Cohen Huff.

The Commission adopts the initial decision, modifying it to include a finding that respondents' chromium-plated brass bezels may be confused with stainless steel as well as with precious metal.

In lieu of the order issued by the examiner, the Commission issues this final order.

It is ordered, That respondent W.M.R. Watch Case Corp., a corporation, and its officers, and respondents Sheldon Parker, individually and as an officer of said corporation, and Sheldon Parker, a co-partner trading as WMR Watch Case Company or under any other name or names, 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 watch cases, or any other merchandise, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale or selling watch cases

(a) which are in whole or in part composed of base metal that has been treated to simulate precious metal or stainless steel, or

(b) which are in whole or in part composed of base metal that has been treated with an electrolytically applied flashing or coating of precious metal of less than 1-1/2 of one thousandths of an inch over all exposed surfaces after completion of all finishing operations,

without clearly and conspicuously disclosing on such cases or parts the true metal composition in a form consistent with the Trade Practice Conference Rules for the Watch Industry (set forth in the Code of Federal Regulations, Title 16, Chapter 1, Part 174).

2. Offering for sale or selling watch cases which are in whole or in part of foreign origin without affirmatively disclosing the country or place of foreign origin thereof on the exterior thereof on an exposed surface or on a label or tag affixed thereto of such degree of permanency as to remain thereon until consummation of consumer sale of the completed watches and of such conspicuousness as likely to be observed and read by purchasers and prospective purchasers of the completed watches.

3. Representing, directly or by implication, that their watch cases are "water resistant", it being understood that respondents may successfully defend the use of such representation with respect to any watch case or watch, the case of which respondents can show will provide protection against water or moisture to the extent of meeting the test designated Test No. 2 of the Trade

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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)).

4. Supplying to, or placing in the hands of, any dealer or other purchaser means or instrumentalities by or through which he may deceive and mislead the purchasing public in respect to practices prohibited in paragraphs one through three above.

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.

IN THE MATTER OF

GUARANTEE RESERVE LIFE INSURANCE COMPANY OF
HAMMOND

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

Docket C-726. Complaint, Mar. 25, 1964—Decision, Mar. 25, 1964

Consent order requiring a health and accident insurance company with headquarters in Hammond, Ind., to cease misrepresenting the cost, coverage, benefits and conditions of their policies, in circulars, folders and other advertising material disseminated throughout the various States.

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 Guarantee Reserve Life Insurance Company of Hammond, a corporation, hereinafter referred to as respondent, has 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 Guarantee Reserve Life Insurance Company of Hammond is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 128 North State Street in the city of Hammond, State of Indiana.

PAR. 2. Respondent is now, and for more than one year last past has been, engaged as an insurer 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", respondent enters into insurance contracts with insureds located in various States of the United States other than the State of Indiana in which States the business of insurance is not regulated by State law to the extent of regulating the practices of respondent alleged in this complaint to be illegal.

PAR. 3. Respondent, in conducting the business aforesaid, has sent and transmitted and has 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 its place of business in the State of Indiana to purchasers and prospective purchasers located in various other States of the United States and has thus maintained a substantial course of trade in said insurance contracts or policies in commerce between and among the several States of the United States.

PAR. 4. Respondent is licensed, as provided by the respective State laws, to conduct the business of insurance in the States of Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Mississippi, Missouri, Nebraska, North Dakota, South Dakota, Ohio, Oklahoma, Tennessee, Virginia and West Virginia. Respondent is not now, and for some time last past has not been, licensed as provided by State law to conduct the business of insurance in any State other than those hereinabove mentioned.

PAR. 5. Respondent solicits business by mail in the various States of the United States in addition to the States named in Paragraph Four above. As a result thereof, it has entered into insurance contracts with insureds located in many States in which it is not licensed to do business. Respondent's said business practices are, therefore, not regulated by State law in any of those States in which respondent is not licensed to do business as it is not subject to the jurisdiction of such States.

PAR. 6. In the course and conduct of said business, and for the purpose of inducing the purchase of said policies respondent has made, and is now making, numerous statements and representations concerning the benefits provided in said policies by means of circulars, folders and other advertising material disseminated throughout the various States of the United States and in the District of Columbia. Typical, but not all inclusive of such statements and representations, are the following, together with an indication of the policy to which they apply:

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(POLICY NO. 6-412)

1. Only 3¢ puts this great HOSPITAL SICKNESS and ACCIDENT INSURANCE in force for 30 days to protect you and your family.

2. \$100.00 a month IF DISABLED BY ACCIDENT payable from the very first day of medical attention at the rate of \$25.00 per week for a maximum of ten weeks if caused by a great many specified accidents such as while traveling on trains or in private automobiles or as a pedestrian.

3. \$71.00 to \$100.00 a month IF LAID UP BY SPECIFIED SICKNESS originating 30 days after issue of policy. Payable from the first day of medical attention when disabled and house confined at the rate of \$30.00 per month for the first week, at the rate of \$60.00 per month for the second week and at a rate of \$100.00 per month for the remaining period up to eight weeks, if sickness is caused by certain diseases * * *.

4. \$100.00 a month IF YOU GO TO HOSPITAL for any accident or for certain sicknesses as shown in previous paragraph for a maximum of six weeks, payable at the rate of \$25.00 a week from the very first day of confinement. This benefit in lieu of other benefits in this policy.

5. \$5,000.00 accumulating to \$7,500.00 for accidental loss of life, hands, feet or eyes. These benefits are payable for accidental death or accidents occurring when riding as fare-paying passenger on a train, bus, streetcar, subway or airplane and involved in the wrecking of such common carrier.

6. \$1,000.00 ACCIDENTAL DEATH INDEMNITY. Your beneficiary will receive a death benefit of \$1,000.00 if you lose your life within 30 days from date of any accident in or out of business * * *.

7. ADDITIONAL LIMITATIONS. There are of course exceptions enumerated in the policy, including miners, employees of common carriers, news companies, or governmental mail service while on duty, insanity, violations of criminal law, suicide or race driving.

(POLICY NO. 510)

8. Pays your family \$2,500.00 if you die from any cause within the next ten years.

(POLICY NO. 5-415)

9. PAYS \$100.00 a month beginning the first day you are injured. This policy provides that if you have an auto accident while driving or riding in any automobile, truck or bus and you are immediately and totally disabled and confined at home or in the hospital under medical care, you will be paid at the rate of \$100.00 a month from the first day of injury, EVEN FOR LIFE!

(POLICY NO. F.U.-14)

10. Triple Benefit Family Group Life Insurance Policy Total Cost \$1.00 a month * * * \$1000.00 Per Family For Natural Deaths or Ordinary Accidental Deaths.

\$2,000.00 Per Family For Auto Collision Accidental Deaths.

\$3,000.00 Per Family For Railway Travel Accidental Deaths.

These figures are approximate amounts based on an average family of five consisting of two adults and three minor children * * * This is a yearly reducing term contract and the benefits are payable in the manner and to the

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extent provided in the policy and are explained on the last page of this folder. (EXPLANATION FOLLOWS).

Amount of Insurance Purchased Per One Dollar of Monthly Premium

[Natural death]

Attained age nearest birthday	Amount of in- surance	Attained age nearest birthday	Amount of in- surance	Attained age nearest birthday	Amount of in- surance	Attained age nearest birthday	Amount of in- surance	Attained age nearest birthday	Amount of in- surance
1-----	\$251	16	\$1094	31	\$990	46	\$738	61	\$302
2-----	401	17	1090	32	980	47	712	62	279
3-----	561	18	1085	33	968	48	684	63	257
4-----	700	19	1081	34	956	49	654	64	237
5-----	835	20	1075	35	944	50	623	65	218
6-----	959	21	1068	36	930	51	592	66	200
7-----	1050	22	1062	37	916	52	560	67	184
8-----	1099	23	1055	38	900	53	528	68	169
9-----	1116	24	1049	39	884	54	497	69	155
10-----	1117	25	1042	40	866	55	466	70	142
11-----	1114	26	1034	41	848	56	436	71	130
12-----	1110	27	1026	42	829	57	407	72	119
13-----	1107	28	1018	43	809	58	379	73	110
14-----	1103	29	1009	44	786	59	352	74	101
15-----	1097	30	1000	45	764	60	326	75	93

Note: Amounts shown for ages 65 are for renewal only.

(POLICY NO. 101-1)

11. This Policy is truly Non-Cancellable and Guaranteed Renewable Until Age 70.

PAR. 7. By and through the use of the aforementioned statements, and others of similar import and meaning not specifically set out herein, respondent has represented, directly or by implication:

(POLICY NO. 6-412)

1. That for a payment of three cents respondent issues an insurance policy providing indemnification for loss due to sickness and accident for a period of 30 days from the date of issuance.

2. That said policy provides indemnification in the form of cash benefits for a maximum of ten weeks in all instances where the insured is disabled while traveling on a train or in a private automobile or as a pedestrian.

3. That said policy provides indemnification in the form of cash benefits for a period of ten weeks if the insured is disabled and

house confined by specified sickness or disease originating 30 days after date of issuance of the policy.

4. That said policy provides monthly payments in the amount of \$100 a month, for a total of six weeks, if the insured is confined in a hospital for any accident or for certain sicknesses or diseases as shown in the previous paragraph, regardless of the time of entering the hospital.

5. That said policy provides for cash benefits up to \$7,500 for all accidental loss of life, hands, feet or eyes occurring when insured is riding as a fare-paying passenger on a train, bus, streetcar, subway or airplane and involving the wrecking of such common carrier.

6. That said policy provides for cash benefits in the amount of \$1,000 should the insured lose his life within 30 days from the date of any accident occurring in or out of the course of the insured's business.

7. That the limitations and exceptions enumerated in said policy are limited to miners; employees of common carriers, news companies or governmental mail service while on duty; insanity, violations of criminal law, suicide or race driving.

(POLICY NO. 510)

8. That said policy provides for the payment of \$2500 should insured die from any cause within ten years from the date of issuance of the policy.

(POLICY NO. 5-415)

9. That said policy provides for the payment of cash benefits each month in a specified amount if the insured is immediately and totally disabled and confined at home or in a hospital under medical care resulting from an accident while driving or riding in any automobile, truck or bus for the duration of such disability, up to a life time.

(POLICY NO. F.U.-14)

10. That said insurance policy provides for cash benefits in the amount of \$1,000 per family for all natural deaths or ordinary accidental deaths; \$2,000 per family for all accidental deaths resulting from automobile collision; and \$3,000 per family for all accidental deaths resulting from railway travel; and that the amount of insurance provided per one dollar of monthly premium for natural death is as stated in the chart set forth in Paragraph Six.

(POLICY NO. 101-1)

11. That said policy is non-cancellable and guaranteed renewable with no reduction in benefits until the insured reaches the age of 70.

PAR. 8. In truth and in fact:

(POLICY NO. 6-412)

1. Respondent, upon payment of three cents, does not issue an insurance policy providing indemnification for loss occasioned by sickness and accident for a period of thirty days from the date of issuance. On the contrary, said policy provides no indemnification for loss from sickness until the policy has been in force at least thirty days from the date of issuance.

2. Said policy does not provide indemnification in the form of cash benefits for a maximum of ten weeks in all instances where the insured is disabled while traveling on a train or in a private automobile or as a pedestrian, regardless of the conditions of such travel. On the contrary, said policy contains numerous exceptions and limitations concerning the conditions of such travel under which no indemnification is provided.

3. Said policy does not provide indemnification in the form of cash benefits for a period of ten weeks if the insured is disabled and house confined by specified sickness or disease originating 30 days after date of issuance of the policy. On the contrary, indemnification is provided in such instance only for a period of eight weeks; and then only if insured is regularly attended by a legally qualified medical or osteopathic physician or surgeon and is wholly prevented from transacting any and every kind of business or labor.

4. Said policy does not provide indemnification in the amount of \$100 a month for a total of six weeks if the insured goes to a hospital for any accident or for certain sickness or disease, regardless of the time of entering the hospital. On the contrary, said benefits will not be paid unless the insured is confined in a hospital continuously from the date of the accident.

5. Said policy does not provide for cash benefits up to \$7,500 for all accidental loss of life, hands, feet or eyes occurring when riding as a fare-paying passenger on a train, bus, streetcar, subway or airplane and involving the wrecking of such common carrier. On the contrary, said policy provides that no indemnity will be paid for more than one of the losses, the largest, as the result of one accident.

6. Said policy does not provide for cash benefits in the amount of \$1,000 for loss of life within 30 days from the date of any accident

occurring in or out of the course of the insured's business. On the contrary, said policy provides that death must be caused solely by such accident and the insured must be totally and continuously disabled from the date of the accident to the date of death.

7. The exceptions enumerated in said policy are not limited to miners; employees of common carriers, news companies, or governmental mail service while on duty; insanity, violations of criminal law, suicide or race driving. On the contrary, said insurance policies exclude, in addition, injuries (except drowning) of which there shall be no visible mark or contusion on the exterior of the body at the place of injury; and any loss unless sustained in the Continental United States or Canada.

(POLICY NO. 510)

8. Said policy does not provide cash benefits in the amount of \$2,500 should the insured die from any cause within a period of ten years from the date of issuance of the policy. On the contrary, said policy provides that if the insured shall commit suicide within two years from the contract date, the limit of recovery thereunder shall be the premiums paid less any indebtedness.

(POLICY NO. 5-415)

9. Said policy does not provide for the payment of cash benefits each month if the insured is immediately and totally disabled and confined at home or in a hospital under medical care resulting from an accident while driving or riding in any automobile, truck or bus. On the contrary, said policy does not cover disability or loss from accidents while insured is in the military or naval service, nor any loss unless sustained in the continental limits of the United States or Canada.

(POLICY NO. F.U.-14)

10. Said policy does not provide indemnification in the amount of \$2,000 per family for all accidental deaths resulting from automobile collision or \$3,000 per family for all accidental deaths resulting from railway travel. On the contrary, said policy contains a number of exceptions and limitations under which no indemnification is payable and the amount of coverage per one dollar of monthly premium is only a fractional part of the amount set forth in said chart.

(POLICY NO. 101-1)

11. Said policy is not guaranteed renewable upon the same terms and with no reduction in benefits until the insured reaches the age

of 70. On the contrary, said policy provides that all benefits therein shall be reduced fifty percent after the insured reaches his sixtieth birthday.

PAR. 9. In the conduct of its business, at all times mentioned herein, respondent has been in substantial competition, in commerce, with corporations, firms and individuals in the sale of insurance of the same general kind and nature as that sold by respondent.

PAR. 10. The use by respondent 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 respondent's policies by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent 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 respondent 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, Guarantee Reserve Life Insurance Company of Hammond is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its

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office and principal place of business located at 128 North State Street, in the city of Hammond, State of Indiana.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Guarantee Reserve Life Insurance Company of Hammond, a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of any insurance policy or policies, in commerce, as "commerce" is defined in the Federal Trade Commission Act, except in those States where respondent is licensed and regulated by State law to conduct the business of insurance, do forthwith cease and desist from:

A. Representing, directly or by implication:

1. That, for a payment of three cents or any other amount, respondent will issue a policy which will provide indemnification for loss due to sickness and accident for a period of thirty days, or any other length of time, when such policy specifies that any of such benefits shall not accrue until the policy has been in force for thirty days, or such other length of time, from date of issuance.

2. That a policy provides for indemnification for accidental disablement in all instances where the insured is traveling on a train or in a private automobile or as a pedestrian when said policy contains exceptions and limitations concerning the conditions of such travel under which no payment will be made.

3. That a policy provides for indemnification for sickness or disease for a greater length of time or in a greater amount than is actually specified in the policy.

4. That a policy provides for indemnification for all accidental loss of life, hands, feet, eyes or any other part or parts of the body, when such policy provides that no payment will be made for more than one of such losses resulting from any one accident.

5. That a policy provides for indemnification for the death of the insured from any cause when said policy provides that no payment shall be made if the insured commits suicide within a specified time from the date of the policy.

6. That a policy is non-cancellable or guaranteed renewable without reduction in benefits for a certain length of time when said policy provides that the benefits therein may be reduced before the said length of time expires.

B. Representing, directly or by implication:

1. That any policy may be continued in effect indefinitely or for any stated period of time unless full disclosure of any reduction in benefits or any other such provision, condition or limitation contained in the policy is made conspicuously, prominently and in sufficiently close conjunction with the representation as will fully relieve it of all capacity to deceive.

2. That any policy provides for indemnification against disability or loss due to sickness, disease, accident or death, in any amount or for any period of time, unless a statement of all the conditions, exceptions, restrictions and limitations affecting the indemnification actually provided is set forth conspicuously, prominently and in sufficiently close conjunction with the representation as will fully relieve it of all capacity to deceive.

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

IN THE MATTER OF

KAHN BROS. AND PINTO, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket C-727. Complaint, Mar. 26, 1964—Decision, Mar. 26, 1964

Consent order requiring New York City manufacturing furriers to cease violating the Fur Products Labeling Act by such practices as failing to disclose on invoices when fur was bleached or dyed, and showing bleached or artificially colored fur as natural; and furnishing false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act and by virtue of the authority

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vested in it by said Acts, the Federal Trade Commission having reason to believe that Kahn Bros. and Pinto, Inc., a corporation, and Leonard H. Kahn and Leonard Kahn, individually and as officers of the said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Kahn Bros. and Pinto, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Leonard H. Kahn and Leonard Kahn are officers of the corporate respondent and formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 130 West 30th Street, New York, New York.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been and are now engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the term "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur product was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 4. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed,

bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 5. Respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised when respondents in furnishing such guaranties had reason to believe that fur products so falsely guaranteed would be introduced, sold, transported or distributed in commerce, in violation of Section 10(b) of the Fur Products Labeling Act.

PAR. 6. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Fur Products Labeling Act and the Federal Trade Commission Act, 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 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 Kahn Bros. and Pinto, 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 130 West 30th Street, New York, New York.

Respondents Leonard H. Kahn and Leonard Kahn are officers of the corporate respondent and their address is the same as that of corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Kahn Bros. and Pinto, Inc., a corporation, and its officers, and Leonard Kahn and Leonard H. Kahn, individually and as officers of the said corporation and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices to purchasers of fur products showing in words and figures plainly legible all the information required to be disclosed in each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing directly or by implication on invoices that the fur contained in fur products is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That respondents Kahn Bros. and Pinto, Inc., a corporation, and its officers, and Leonard Kahn and Leonard H. Kahn, individually and as officers of the said corporation and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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.

Complaint

IN THE MATTER OF

CARSON PIRIE SCOTT & CO.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket C-728. Complaint, Mar. 26, 1964—Decision, Mar. 26, 1964

Consent order requiring a Chicago department store to cease violating the Textile Fiber Products Identification Act by failing to label textile fiber products with the required information; failing, in newspaper advertising, to set forth the true generic names of the fibers contained in products represented to be "velvet", "terry", "percale", etc.; and failing in other respects to make disclosures required by the Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Carson Pirie Scott & Co., a corporation, hereinafter referred to as respondent, has violated the provisions of the said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification 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 Carson Pirie Scott & Co., 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 located at One South State Street, Chicago, Illinois.

The respondent is primarily a retail department store engaged in selling and distributing clothing, housewares and general department store items to the general public. The respondent also acts as a wholesaler in regard to certain products among which are floor coverings.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act of March 3, 1960, respondent has been and is now engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and has sold, offered for sale, advertised, delivered, transported, and caused to be transported textile fiber products, which have been advertised or offered