

FEDERAL TRADE COMMISSION DECISIONS

Findings, Opinions and Orders

IN THE MATTER OF

MICHIGAN WATCHMAKERS' GUILD, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-3192. Complaint, July 1, 1986--Decision, July 1, 1986

This consent order requires, among other things, a Royal Oak, Mich. trade association to not take any future action to fix or maintain prices or establish suggested prices for cleaning or repair services for watches, clocks, or jewelry.

Appearances

For the Commission: *Seth B. Zimmerman, Johnathan Ferguson and Peter R. Reilly.*

For the respondent: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended (15 U.S.C. 41 *et seq.*), and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the Michigan Watchmakers' Guild, Inc., hereinafter sometimes referred to as respondent or "the Guild," 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:

1. Respondent, Michigan Watchmakers' Guild, Inc., is a corporation organized, existing and doing business under the laws of the State of Michigan, with its principal office located at 1202 Catalpa Drive, Royal Oak, Michigan.

2. The Guild, which was incorporated in 1970, is a trade association of approximately 200 members. A majority of the Guild's members are located in Wayne, Oakland, and Macomb Counties in the south-east portion of Michigan. Members of respondent are engaged in the

business of cleaning and repairing watches, clocks, and jewelry for a fee.

3. Except to the extent that competition has been restrained as alleged herein, respondent's members compete among themselves and with other watchmakers.

4. Consumers spend substantial sums each year on the services of respondent's members.

5. Respondent engages in substantial activities which further its members' pecuniary interests. By virtue of its purposes and activities, respondent is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

6. In the course and conduct of its business, respondent has distributed printed copies of suggested minimum price lists for cleaning and repairing watches, clocks, and jewelry through the United States Postal Service in interstate commerce. In addition, respondent's members conduct business in interstate commerce. The acts and practices herein alleged are in or affect commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

7. Respondent has acted as a combination of its members, or in conspiracy with at least some of its members, to restrain price competition among watchmakers in Michigan and increase or maintain the price of cleaning and repairing watches, clocks, and jewelry by establishing and distributing suggested minimum price levels.

8. In furtherance of the aforesaid combination or conspiracy, respondent has held annual general meetings at which suggested minimum prices are determined by a majority vote of all present. In this manner, respondent determines suggested minimums both for the prices that retail watchmakers charge consumers and for the prices that "tradeshop" repair firms charge retail watchmakers. Respondent then prepares and distributes suggested minimum price lists for (1) retail watch cleaning and repair; (2) quartz/digital retail watch cleaning and repair; (3) tradeshop watch cleaning and repair; (4) clock cleaning and repair; (5) grandfather clock cleaning and repair; and (6) retail jewelry cleaning and repair.

9. The purpose or effect and the tendency and capacity of the combination or conspiracy described above has been to restrain price competition and increase or maintain the price of cleaning and repairing watches, clocks, and jewelry.

10. The combination or conspiracy described above constitutes an unfair method of competition and an unfair act or practice in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45. The combination or conspiracy, or the effects thereof, are continuing and will continue absent the entry of an order against respondent.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft complaint, 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 alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Michigan Watchmakers' Guild, Inc. (hereinafter "Guild"), is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its office and principal place of business located at 1202 Catalpa Drive, Royal Oak, Michigan.

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

I.

It is ordered, That respondent Michigan Watchmakers' Guild, Inc., a corporation, its successors and assigns, and respondent's officers, directors, agents, representatives, and employees, directly or indirectly, through any corporation, subsidiary, affiliate, committee, division

or other device, in connection with the conduct of its business in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Taking any action the purpose or effect of which is to fix, maintain, stabilize, or increase the price of cleaning or repair services for watches, clocks, or jewelry;

B. Adopting or disseminating suggested prices for the cleaning or repairing of watches, clocks, or jewelry, *provided*, that nothing in this order prohibits the collection or dissemination of information regarding past cleaning or repair prices, so long as such information is aggregated before dissemination in such a way that neither the identity of the parties providing the underlying information nor information relating to specific transactions is disclosed or otherwise reasonably ascertainable.

II.

It is further ordered, That:

A. Within 45 days after this order becomes final, the Guild shall mail to each of its members a copy of this order and a letter in the form shown as Appendix A to this order.

B. For a period of two (2) years after the date of service of this order, the Guild shall also provide a copy of this order and a letter in the form shown as Appendix A hereto to:

1. Each new Guild member at the time the member is accepted into membership; and
2. Each person who makes a request for suggested minimum price lists.

III.

It is further ordered, That, for a period of three (3) years following the effective date of this order, the Guild shall maintain in its files a copy of the minutes of each meeting of its membership and of each meeting of its board of directors and a copy of all correspondence relating to prices for the cleaning or repairing of watches, clocks, and jewelry, and that such copies of minutes and correspondence be made available for inspection by representatives of the Federal Trade Commission upon written request.

IV.

It is further ordered, That, within sixty (60) days after service of this order, respondent shall file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order. Thereafter, additional reports shall be filed at such other times as the Commission may, by written notice to respondent, require.

V.

It is further ordered, That respondent shall notify the Commission at least thirty (30) days prior to any proposed change in it, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or association, or any other change in the corporation or association which may affect compliance obligations arising out of this order.

APPENDIX A

(Respondent's Letterhead)

Dear

As you may be aware, the Federal Trade Commission (FTC) has investigated our practice of annually publishing suggested minimum cleaning and repair prices for watches, clocks, and jewelry.

In all the years we have done our surveys, it was never drawn to our attention that the issuance of such lists is considered illegal. However, under U.S. Supreme Court rulings, the manner in which we have conducted our price surveys could be shown to be an attempt to control prices which, if proven true, would be a violation of the Federal Trade Commission Act.

Therefore, in order to avoid lengthy and costly litigation with the FTC, we have voluntarily entered into an agreement with the Commission which resulted in the issuance by the Commission of a Complaint and the entry of a Consent Order. The Order requires that you be sent a copy of the Order and this letter.

Under the terms of the FTC's Order, the Guild is required to refrain from taking any action whose purpose or effect is to fix, maintain, stabilize, or increase the price of cleaning or repair services for watches, clocks, or jewelry. The Guild is also required to cease and desist from publishing suggested cleaning or repair prices for watches, clocks, and jewelry, but the Order does not prohibit the Guild from publishing statistical information on historical prices.

The agreement is for settlement purposes only and does not constitute an admission by the Guild that the law has been violated as alleged in the Complaint.

A copy of the Order is enclosed.

Yours truly,

Marx E. Cooper
President

Enclosure

Complaint

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IN THE MATTER OF

ELECTRO TECH MANUFACTURING, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT*Docket 9202. Complaint, Nov. 1, 1985—Decision, July 9, 1986*

This consent order requires a Norcross, Ga. manufacturer and marketer of home energy controlling devices, and its corporate officer, among other things, to cease making claims of energy savings associated with the product "The Energy Computer", or any other energy-control device, without competent and reliable substantiation. Additionally, respondents are prohibited from representing that consumers are eligible for a federal income tax credit with the purchase of their products, unless that is true.

Appearances

For the Commission: *Michael Dershowitz and Sandra N. Hammer.*

For the respondents: *Joseph A. Carragher, Jr., Norcross, Ga.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Electro Tech Manufacturing, Inc., a corporation, and Donald Raposo, individually and as an officer of said corporation ("respondents"), have violated the provisions 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, alleges:

PARAGRAPH 1. (a) Electro Tech Manufacturing, Inc. is a Georgia corporation with its principal office and place of business at 7001 Peachtree Industrial Boulevard, Norcross, Georgia.

(b) Donald Raposo 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 alleged in this complaint. His principal office or place of business is the same as that of the corporation.

(c) Respondents cooperate and act together in carrying out the acts and practices alleged in this complaint.

PAR. 2. Respondents manufacture, advertise, offer for sale, sell and distribute energy control devices for residential or small commercial use.