

Complaint

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(c) Transporting or causing to be transported, for the purpose of sale or delivery after sale in commerce;

any article of wearing apparel which, under the provisions of Section 4 of the Flammable Fabrics Act, as amended, is so highly flammable as to be dangerous when worn by individuals.

2. Manufacturing for sale, selling, or offering for sale any article of wearing apparel made of fabric, which fabric has been shipped or received in commerce, and which, under Section 4 of the Flammable Fabrics Act, as amended, is so highly flammable as to be dangerous when worn by individuals.

*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.

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IN THE MATTER OF

WALTHAM WATCH COMPANY ET AL.

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

*Docket 7997. Complaint, June 24, 1960—Decision, June 15, 1962*

Order requiring a Chicago importer of clocks from West Germany—actually a successor by a “spin-off” in reorganization of the original Waltham Watch Company of Massachusetts to certain rights to use the “Waltham” trade name—and the sole distributor of the clocks, to cease using the word “Waltham” without clear notice that their products were not manufactured by the well-known Waltham Watch Co. of Waltham, Mass. (presently in business under another name); and requiring said distributor to cease making numerous false claims in connection with its franchise distributor plan whereby it sold “Waltham” clocks, together with display cases, to operators for resale to the public, including claims of exaggerated profits and misrepresentations of refund and return policies and guarantees, 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 Waltham Watch Company, a corporation, and Harry Aronson and Lawrence Aronson, individually and as officers of said corporation, and David Singer, an individual, trading as Time Industries, and Muriel Singer, indi-

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\* As amended July 10, 1961.

vidually, 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 Waltham Watch Company is a corporation organized under the laws of the State of Delaware, with its office and principal place of business located at 231 South Jefferson Street, in the city of Chicago, State of Illinois.

Respondents Harry Aronson and Lawrence Aronson are officers of said corporate respondent. They formulate, direct and control the practices of said corporation. Their address is the same as that of the corporate respondent.

Respondent David Singer is an individual trading and doing business as Time Industries, with his office and principal place of business located at 170 West 74th Street, in the city of New York, State of New York.

Respondent Muriel Singer is an individual and acts as General Manager of Time Industries with her office and principal place of business the same as that of respondent David Singer.

Respondents David Singer and Muriel Singer cooperate in the performance of the acts and practices of Time Industries, hereinafter set forth.

PAR. 2. Respondent Waltham Watch Company, prior to the spring of 1959, imported clocks from West Germany into the United States and sold said clocks to respondent David Singer: since early 1959 respondent Singer has imported the clocks bearing the Waltham name and has paid the Waltham Watch Company a royalty on all such clocks imported.

PAR. 3. Respondent David Singer, trading as Time Industries, was, and is, the sole distributor of clocks imported into the United States by Waltham Watch Company and of clocks imported directly by said David Singer, which bear the name "Waltham", under a license agreement with Waltham Watch Company, and he is now, and for some time last past has been, engaged in the sale and distribution of said clocks to distributors for resale to the public. Said clocks are sold with display cases for use by the purchasers in various locations to display the clocks for sale to the public.

In the course and conduct of its business, respondent Waltham Watch Company, for some time last past has imported said clocks from West Germany into the United States and respondent David Singer has caused said clocks, when sold, to be shipped from the State of New York to the purchasers located in various states of the United

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States. Both of said respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said clocks, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, respondents have been, and are now, in direct and substantial competition, in commerce, with corporations, firms and individuals in the sale of clocks.

PAR. 5. Respondent David Singer, with the cooperation of respondent Muriel Singer, inserts advertisements of their products in newspapers and periodicals. Persons responding to said advertisements are contacted by respondents or their agents or representatives. Said respondents or their agents or representatives then display to the prospective purchasers a variety of promotional literature and make various oral representations concerning said articles of merchandise in an effort to induce the prospective purchasers to buy said articles of merchandise. Among and typical, but not all inclusive, of the statements made in said advertisements and in circulars and other printed matter distributed to prospective purchasers are the following:

FAMOUS 109-YEAR FIRM  
ANNOUNCES NEW EXPANSION FRANCHISE PLAN

World Renowned  
WALTHAM CLOCKS

Millions buy this great brand.

You know WALTHAM is one of the four great names in watchmaking. Your grandfather did, too. WALTHAM, a great American name, backed by old world craftsmanship, for the design and styling of its clocks. WALTHAM has spent tens of millions of dollars conditioning hundreds of millions of people, over the years, to accept the WALTHAM guaranteed line of clocks.

When you become the WALTHAM Franchise Man in your town you've got a world famous name working for you, day and night, seven days a week.

WALTHAM WATCH COMPANY

invites you to participate in one of the most gigantic expansion programs ever launched . . . to share the steadily growing profits as this world renowned firm goes all out to increase distribution of its nationally advertised products.

WALTHAM CLOCKS  
Product of WALTHAM WATCH COMPANY since 1850

For the first time in the history of direct selling a famous 150-year-old company with established brand products offers you this opportunity.

YOU DO NO SELLING

Our own experienced Placement Expert contacts leading jewelry, drug, variety, food, hardware, appliance and department stores in your area.

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All the selling is done FOR YOU by our Placement Expert and Area Director in your territory.

. . . all you do is service the WALTHAM CLOCK DISPLAY Route which we have already established for you.

Absolutely no selling. We do all the work.

TO MEN INTERESTED IN LIFETIME SECURITY ASSURING EXTRA INCOME . . . *WITHOUT SELLING*

We contact leading jewelry, drug, variety, food, hardware, appliance and department stores in your area and place the handsome WALTHAM CLOCK in the most profitable locations.

You never have to place a display—you do absolutely NO SELLING.

There is no selling involved. Our experienced location directors train you fully, provide you with all the help and information you need to get started at once—so YOUR CASH INCOME STARTS IMMEDIATELY.

1959's soundest BE-YOUR-OWN-BOSS FRANCHISE.

This is the only certified money making proposition in this magazine or any other magazine which requires no selling. All you do is collect profits.

Earn 25%, 50% and even 100% on your money without interfering with your regular time of work. This extra profit will make you a rich man.

WE PROTECT YOUR MODEST INVESTMENT

Further, should you decide to retire, or for any reason whatsoever, decide to sell your valuable WALTHAM CLOCK DISPLAY FRANCHISE, you are fully protected by our combined REPURCHASE OF INVENTORY AND BONUS PLAN. In fact many times we get urgent requests from opportunity seekers begging us to buy franchises. Your WALTHAM CLOCK FRANCHISE gets more valuable every day.

Because of our Guaranteed Investment Plan, the distributor can earn the equivalent of his investment through our re-order plan, therefore we feel that it is at our discretion to exercise the approval or disapproval of an applicant. This can only be done through a personal interview with an applicant by an account executive of our company. If you are accepted you may be assured that you will be a member of a very successful field of merchandising with an excellent return derived from the sale of Waltham clocks.

If you wish to reserve your territory while you investigate our proposition further a deposit of \$50.00 will hold it \* \* \*

Guaranteed unconditionally.

PAR. 6. By and through the use of the statements in the aforesaid advertisements and others of similar import, not specifically set out herein, respondents David Singer, trading as Time Industries, and Muriel Singer, represent and have represented, directly or by implication, that:

1. Their business is a part of or connected with the old and well-known Waltham Watch Company, of Waltham, Massachusetts.
2. The clocks sold by them are manufactured by the old and well-known Waltham Watch Company, of Waltham, Massachusetts.
3. Their display cases will be located in leading drug stores, chain stores, markets and other profitable locations by respondents' repre-

sentatives, and that the purchasers themselves never have to locate these cases.

4. That no selling is required on the part of the purchaser.

5. The initial investment of the purchaser of their products is protected and guaranteed and purchasers will earn from 25% to 100% on their investments.

6. Respondents will sell their products only to a limited number of selected and qualified persons.

7. Respondents guarantee that their proposition is money making.

8. Their clocks are unconditionally guaranteed.

9. Respondents will reserve territory in which the purchasers of their products may operate.

10. Their representatives who will call upon prospective customers are account executives or executives of respondent Time Industries.

11. Respondents will train purchasers of their products in the operation of their businesses.

PAR. 7. Respondent David Singer, trading as Time Industries, and respondent Muriel Singer, and salesmen and representatives employed by them, in the course of their solicitation for the sale of said clocks have repeated the statements set out in paragraph 5 and have made additional oral statements to prospective purchasers of their said products, of which the following are typical:

1. That respondents' salesmen are executives, representatives or long time employees of the old and well-known Waltham Watch Company, of Waltham, Massachusetts.

2. That purchasers of respondents' products are granted exclusive territories within which to operate their businesses.

3. That merchandise unsold at the end of one year from date of purchase may be returned to respondents and full refund of the purchase price will be made.

4. That profits of \$30.00, \$50.00, \$80.00 or \$100.00 a week would be assured purchasers of respondents' products and that the average weekly profit of the purchasers of respondents' products is \$85.00.

5. That respondents' employees will relocate display cases if original locations are not profitable.

6. That respondents' salesmen and their wives have made large sums of money selling clocks at retail through respondents' sales plan.

7. That two to four clocks per week will be sold from each display case and that the national average is three to four clocks weekly.

8. Purchasers of respondents' products will be able to liquidate their investments within a short time through their profits, with no risk of losing their money.

PAR. 8. The aforesaid statements and representations made in the advertising matter and orally by respondents David Singer, trading as Time Industries, and Muriel Singer, and their salesmen were, and are, false, misleading and deceptive. In truth and in fact:

1. Respondents' business is not a part of or connected in any way with the old and well-known Waltham Watch Company, of Waltham, Massachusetts.

2. The Waltham clocks sold by respondents are not manufactured by the old and well-known Waltham Watch Company, of Waltham, Massachusetts.

3. The display cases are not located in leading drug stores, chain stores, markets and other profitable locations but, on the contrary, are placed in any locations which respondents' representatives can secure, and in many cases must be relocated by the purchasers if sales are to be expected.

4. Selling is required on the part of purchasers in that in relocating display cases it is necessary to sell the merchants and others to the extent that they will permit the display cases to be placed in their establishments.

5. The initial investment of purchasers is neither protected nor guaranteed and many purchasers do not earn 25% to 100% on their investments.

6. Respondents do not sell their products to a limited number of selected and qualified persons. On the contrary and as a general rule, said products will be sold to any person who will contract to purchase and has the necessary funds to pay the purchase price.

7. Respondents do not guarantee that their proposition is money making.

8. Respondents' clocks are not unconditionally guaranteed. On the contrary, the guarantee extends for only ninety days and in case repairs are necessary a service charge of \$1.25 is made, neither of which said conditions are disclosed.

9. Respondents do not reserve territory in which the purchasers of their products may operate.

10. Respondents' representatives are not account executives or executives of Time Industries, but are only salesmen.

11. Respondents provide little or no training in the operation of the business to the purchasers of their products.

12. None of respondents' salesmen are executives, representatives or employees of the old and well-known Waltham Watch Company, of Waltham, Massachusetts, nor do they have any connection with said company.

