

Said acts and practices of respondent are, as charged, all to the prejudice of the public and respondents' competitors and constitute unfair methods in competition and commerce within the intent and meaning of section 5.

Upon the foregoing complaint, the Commission made the following

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of an act of Congress approved September 26, 1914 (38 Stat. 719), the Federal Trade Commission issued and served a complaint upon the respondents, Greer College of Automotive Engineering, Erwin Greer and Frederick Greer, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

Respondents have entered their appearance and have made, executed, and filed an agreed statement of facts in which it is stipulated and agreed by respondents that the Federal Trade Commission shall take such agreed statement of facts as the facts in this case and in lieu of testimony, and proceed forthwith upon such agreed statement of facts to make its findings as to the facts and conclusion and such order as it may deem proper to enter therein, without the introduction of testimony and presentation of argument, in support of same

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or in opposition thereto. Thereupon this proceeding came on for decision, and the Commission having duly considered the record and being fully advised in the premises, makes this its findings as to the facts and its conclusion drawn therefrom :

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Greer College of Automotive Engineering, is a corporation organized and existing under and by virtue of the laws of the State of Illinois, having and maintaining its principal place of business at 2024-2026 South Wabash Avenue, in the city of Chicago, in the State of Illinois.

PAR. 2. Respondent Erwin Greer is president and treasurer, and respondent Frederick Greer is vice president of respondent corporation. Respondent Erwin Greer has been for more than one year last past and is now actively engaged in the management and control of the business activities of said respondent corporation that are hereinafter set forth.

PAR. 3. Respondent, Greer College of Automotive Engineering, at its said place of business has been for more than one year last past engaged in the business, along with the maintenance and operation of a resident school for the direct and personal teaching of certain arts and sciences, professions, or trades, of offering for sale and selling and furnishing courses of instruction by correspondence in said certain arts, sciences, professions, and trades, as hereinafter enumerated, to persons hereinafter referred to as pupils, such pupils residing and being and remaining at various places in the several States of the United States, and in selling and furnishing to such pupils severally, as incidental and accessory to such courses of instructions, the certain supplies, accessories, and articles hereinafter enumerated. The business of said respondent, as the same is hereafter referred to, includes only such courses of instruction by correspondence and the certain supplies, accessories, and articles above referred to as incidental and accessory to such courses of instruction by correspondence.

PAR. 4. In the conduct of said business said respondent, Greer College of Automotive Engineering, when a prospective pupil enters into a contract with said respondent and enrolls as such pupil, in consideration of the agreed cash tuition paid or agreed to be paid by such pupil, undertakes to sell and deliver to such pupil, through the United States mails or otherwise, a complete course of written or printed information and instructions in the arts, sciences, professions, or trades, or one or more thereof, included in the name automotive engineering as used by said respondent, which includes, among other

things, the following: Automotive mechanics, electricity, battery trade, welding, salemanship, and garage management.

At the same time and as a part of the same transaction and contract, said respondent undertakes to sell to such pupils severally and to deliver to each of them, through the United States mails or otherwise, certain written, printed or mimeographed lessons, directions, or other matter, also certain charts, drafts, dykes, encyclopedia, and other articles and things incidental to and in aid of the learning of said arts, sciences, professions, or trades, and the use and practice thereof.

Thereafter and in pursuance of said contract with such pupils, said respondent furnishes and causes to be transported from its said place of business into and through the several States of the United States, and delivered to such several pupils at their respective places of residence, the several items of written, printed, or mimeographed matter and other articles and things above enumerated.

PAR. 5. In all its said business, and in the several parts thereof and in the procurement of pupils to enroll as such and to purchase said course of instruction and said articles and things above enumerated and to pay therefor, said respondent, Greer College of Automotive Engineering, is in competition with other persons who are likewise engaged in the same or in similar lines of business activity and who are seeking to procure prospective pupils in and throughout the several States of the United States to enroll as such and to purchase, receive, and pay for courses of instruction by correspondence as above set forth and for printed matter and other articles and things to be sold, furnished, and delivered to such pupils as incidental or accessory to the learning and practice of such arts, sciences, professions, or trades.

PAR. 6. In all of its said business and for the purpose of inducing prospective pupils to enter into contracts with it, to enroll as such pupils with it, and to purchase of it the course of instruction and the articles and things above enumerated and to pay to it the purchase price thereof, said respondent caused advertisements of its said courses of instruction and of said articles and things incidental and accessory thereto, to be inserted and made accessible to the public and to prospective pupils, in enrollment blanks.

In all such enrollment blanks said respondent, Greer College of Automotive Engineering, so under the active management of respondent, Erwin Greer, made the promises, statements, and representations hereinafter referred to as follows:

Said respondent from time to time and at intervals designated by respondent represented that the usual, ordinary, regular, and full

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cash tuition or selling price for a certain course of instruction included in the course of instructions so being offered by said respondent as above set forth, together with such articles and things so incidental and accessory thereto, was a certain sum, set out and specified in such advertisements or other written or printed matter; and also represented that said respondent for a certain limited time therein specified was offering to sell and deliver, or was engaging and obliging itself to sell and deliver, to prospective pupils such course of instruction and such articles and things incidental and accessory thereto, at a reduced and special price, to wit, a certain substantially smaller cash tuition or selling price likewise set out and specified therein. In truth and in fact said pretended, reduced or special tuition or selling price was and is the usual, ordinary, regular, full, and permanent price of the whole of such course of instruction, together with all such articles and things incidental and accessory thereto, to all prospective pupils without regard to such pretended limit of time.

The use by the said respondent Greer College of Automotive Engineering, so under the active control and management of respondent, Erwin Greer of said trade practice and method of competition, to wit, the making of said false statements and representations as above set forth had and have the capacity and tendency to mislead and deceive the public and prospective pupils into the erroneous belief:

- (1) That said statements and representations are true.
- (2) That said respondent, Greer College of Automotive Engineering, offered for a limited time to sell and deliver to prospective pupils such course of instruction of the value of said pretended regular price, at and for said substantially lower tuition or selling price so set forth and specified, to a financial saving and advantage to such prospective pupils in the amount of said pretended reduction.
- (3) That said respondent's said school, for the time so specified, and because of such pretended reduced or special price, offered the best available opportunity for the education represented by such course of instruction.

PAR. 7. Among the competitors of Greer College of Automotive Engineering are many who do not falsely represent the character and nature of their business. Respondents' acts and practices all as hereinbefore set out have the tendency and capacity to cause said pupils to take and pay for respondents' said course in preference to those offered by said competitors.

CONCLUSION

The practices of the said respondents, Greer College of Automotive Engineering and Erwin Greer, under the conditions and circumstances described in the foregoing findings are to the injury and prejudice of the public and respondents' competitors and are unfair methods of competition in commerce and constitute a violation of the Act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes".

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and an agreed statement of facts filed herein and the Commission having made its findings as to the facts and its conclusions that the respondents, Greer College of Automotive Engineering and Erwin Greer, have violated section 5 of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes",

It is now ordered, That the respondents, Greer College of Automotive Engineering and Erwin Greer, their representatives, servants, and employees, do cease and desist from:

(1) Representing in advertisements, correspondence, or otherwise that respondents' courses of instruction or any of them are offered at a less price than the price therefor which the respondents usually receive, when such is not the fact; or in any manner misrepresenting the regular and usual price of any such course of instruction.

(2) Making in advertisements or otherwise any untruthful or misleading statement or representation concerning any courses of instruction.

It is further ordered, That the respondents, Greer College of Automotive Engineering and Erwin Greer, shall within 30 days after the service upon them of a copy 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 hereinbefore set forth.

It is further ordered, That this proceeding be and the same is hereby dismissed as to respondent, Frederick Greer.

Complaint

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IN THE MATTER OF
THE LIGHT HOUSE RUG COMPANY, INC.

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 23, 1924

Docket 1468. Complaint, July 12, 1927—Decision, July 24, 1928

Where the words "light house" had come to be used in connection with institutions for the blind, and as applied to such articles as rugs and other woven fabrics had come to connote articles made by the blind, and where a trade school for the blind known as The Chicago Lighthouse taught its pupils or employees the art of weaving rugs upon hand looms, labeled the rugs there made "woven by the blind of The Chicago Lighthouse," and adopted and used the words "light house," and the picture of a lighthouse on folders and other advertising matter as a trade name and symbol to describe and designate its workshops and rugs; and thereafter a company incorporated by an individual employed by said Chicago Lighthouse to market its output of rugs,

- (a) Adopted and used as a corporate name a name which included the words "light house," and used the same and the picture of a lighthouse on the label on its rugs, whether made by the blind or otherwise, and in the advertising matter used by it in connection with the sale thereof;
- (b) Described rugs offered and sold by it, whether made by the blind or made by other than blind employees in its establishment, on power looms, and closely resembling those made by blind employees on hand looms, representing only a small portion of its total sales as "light house rugs";
- (c) Issued circulars containing the words "light house rugs," its corporate name, and a picture of a lighthouse, and reproductions of newspaper articles concerning said Chicago Lighthouse, and its work for the blind, and pictures of the blind weaving rugs, and distributed said circulars among its sales people, who exhibited the same to purchasers and prospective purchasers;
- (d) Placed the words "light house" on its order blanks and letters, together with the picture of a lighthouse, its corporate name, and the statement "sole distributors of The Chicago Lighthouse, an institution for the blind," which statement it continued even after said institution discontinued production; and
- (e) Tagged its rugs with either the words "Woven by the blind of The Chicago Lighthouse," or "light house rugs," and the aforesaid picture or symbol, and sold the same, without distinction or disclosure as to their method of manufacture, at the same price, through stores regularly dealing in rugs, in which demonstrations of rug-weaving by blind weavers from The Chicago Lighthouse upon hand looms were held in the show windows, and represented through salesmen in various localities that the rugs generally were the product of local institutions for the blind;