

Complaint

IN THE MATTER OF
B. BRUCE BESSEMER, TRADING AS AMERICAN
ACADEMIC RESEARCH SOCIETY

COMPLAINT AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 2101. Complaint, Apr. 25, 1933—Order, June 17, 1933

Consent order requiring respondent, his agents, etc., in connection with the sale or offer in interstate commerce of a set of reference works or encyclopedias, designated as "Progressive Reference Library Encyclopedia" to cease and desist from—

- (a) Advertising or representing in any manner that (1) any book or set of books offered and sold by him will be given free of cost, or that (2) a limited number of sets has been reserved to be given away free to a selected and limited number of persons as a means of advertising, or that (3) purchasers or prospective purchasers of the books are only buying or paying for loose-leaf supplements to keep the books up-to-date or are only buying or paying for services to be rendered by way of research for a period of ten years, or that (4) usual and regular price for supplemental and research service is substantially greater than \$39.50, or that a special price is being made to the prospective customer; when such various statements or representations are not true in fact;
- (b) Operating under the name and style "Mount Holyoke Research Society", unless and until purchasers and prospective purchasers are clearly informed that book or books sold are not sponsored by an educational institution known as "Mount Holyoke College", and representing that the "American Academic Research Society" has any connection with such college or that such publications are compiled or published by the college or faculty thereof;
- (c) Falsely representing, directly or indirectly, that a regular force or staff of educational experts or research workers is maintained for the purpose of supplying requested information to purchasers, or representing that any prominent educators, Government officials or others are connected with, or part of his editorial staff, or are contributors of data, or connected in any way with such publications, without first obtaining authority from such prominent educators, Government officials or others; and
- (d) Representing to prospective purchasers that the purchasing price of said publications is payable over a period of 10 years, when in fact payment is required in a shorter period of time.

Mr. PGad B. Morehouse for the Commission.

COMPLAINT

Acting in the public interest, pursuant to the provisions 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", the Federal Trade Commission charges that B. Bruce Bessemer, an individual, trading as "American Academic Research Society", has been and now is using unfair methods of com-

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petition in commerce in violation of the provisions of section 5 of said act and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, until January, 1932, under the name and style of "Mount Holyoke Research Society" and thereafter under the name and style of "American Academic Research Society" has been and now is engaged in the sale and distribution in interstate commerce of a certain set of reference works or encyclopedias, known and designated as "Progressive Reference Library Encyclopedia" by him purchased from the Holst Publishing Co. of Boone, Iowa, and Chicago, Ill., and resold through the media of direct mail advertising and agents or salesmen to persons located in various States of the United States, and respondent causes said books or publications when sold to be transported from his principal place of business at No. 81 Suffolk Street, in the city of Holyoke, Mass., through and into the other States of the United States to the purchasers thereof.

In the course and conduct of the aforesaid business, respondent is and has been in direct and substantial competition with other individuals, partnerships, and corporations engaged in the sale and distribution in interstate commerce of encyclopedias, reference works, and similar publications.

PAR. 2. In the course and conduct of the aforesaid business, respondent falsely and fraudulently, in writing, represents by way of inducement to prospective purchasers that he is placing in each Congressional district a limited number of complimentary sets of a recently printed encyclopedia with a loose-leaf extension and research department, which is maintained at a very small charge to recipient; that for sale purposes he is authorized to present the said prospective purchaser with the latest edition with his compliments, the purchaser's name to be used for reference and requesting him to treat the matter as confidential; whereas in truth and in fact the respondent has no intention to, nor does he present the said prospective purchaser with a complimentary set of encyclopedias, nor is the number of such sets limited, except by the number of prospective purchasers whom respondent can persuade to buy. As the result of such false and fraudulent representations many prospective purchasers are and have been induced to buy from and pay respondent for a set of encyclopedias in ten or more volumes at a price of \$39.50 per set, usually paid in four instalments, and said purchasers are thereby led into the erroneous belief that by reason of their standing in their respective communities they have been specially selected to receive the said encyclopedias as a gift for advertising purposes, and that the sum of \$39.50 is to pay for the loose-leaf extension service to be furnished them by respondent over a 10-year period, whereas in truth and in fact respondent has made no special selection of

prospective purchasers and does not deliver the said set of encyclopedias unless and until the aforesaid instalment contract is entered into by and between said prospective purchaser and respondent, covering both the encyclopedias and the supplemental loose-leaf service, the true purpose, intent and effect of said contract being one of sale of both the encyclopedias and the service.

PAR. 3. In the course and conduct of the aforesaid business respondent falsely and fraudulently represents by way of inducement to prospective customers, that such purchasers are only buying and paying for loose-leaf supplements intended to keep the set of books up-to-date and for service to be rendered upon request by a Bureau of Educational Research for a period of 10 years next ensuing the sale, when in truth and in fact, the prospective purchasers are buying and paying for a set of encyclopedias and the supplements and the research service, but many members of the public, believing and relying upon the truth of said representations are misled and deceived into purchasing the said encyclopedias, supplements and research service from the respondent.

PAR. 4. In the course and conduct of the aforesaid business respondent falsely and fraudulently represents by way of inducement to prospective purchasers, that the usual and regular price for said supplements and service is substantially greater than \$39.50 and many members of the public believing and relying on the truth of said representation are misled and deceived into purchasing the said encyclopedias, supplements, and research service.

PAR. 5. In the course and conduct of the aforesaid business, prior to January, 1932, respondent operated under the name and style "Mount Holyoke Research Society", the use of which name in connection with such business and at the locality in which respondent was operating tended to and did confuse and mislead prospective and other purchasers into the erroneous belief that respondent was in some way connected with the well known educational institution for women known as Mount Holyoke College located at South Hadley, Mass., within 10 miles of respondent's principal place of business aforesaid, which confusion in connections and identities tended to and did increase and promote the sales of respondent's said books and service and in some cases respondent, acting through his agents and salesmen, specifically represented as an inducement to prospective purchasers that the said encyclopedia by him sold was compiled by the faculty of the aforesaid college, when in truth and in fact respondent was not connected or associated in this business with Mount Holyoke College and the faculty of said college did not compile said encyclopedia.

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PAR. 6. By use of the names "Mount Holyoke Research Society" and "American Academic Research Society" in connection with the sale of the encyclopedia, supplements and research service as aforesaid, respondent in the course and conduct of this business, as an inducement to prospective purchasers falsely represents by implication that a regular force or staff of educational experts or research workers is maintained by him for the purpose of supplying requested information to purchasers, whereas in truth and in fact respondent does not maintain a regular staff or force of experts for such reference work but from time to time employs either students or recent graduates of colleges to make such researches as are requested, and, for the purpose of bringing the encyclopedia up to date, respondent purchases from the Holst Publishing Co. loose-leaf sheets at a cost of about 25 cents per year. Many members of the public believing and relying upon the false implication aforesaid are misled and deceived into purchasing the said encyclopedias, supplements, and service.

PAR. 7. In the course and conduct of the aforesaid business respondent falsely and fraudulently represents certain prominent educators, Government officials, and authors as being connected with, or a part of, his editorial staff, sources of information, contributors of local and specific data, and as correspondents furnishing various details, in such manner as to mislead the prospective purchasers into the erroneous belief that such educators, officials, authors, contributors and correspondents are directly connected with respondent, or the Holst Publishing Co. as part of a large editorial staff having charge of the publication of the encyclopedias known as "Progressive Reference Library Encyclopedia", when in truth and in fact many of said prominent educators, authors, officials and "contributors" have in no wise authorized their names to be so used and have no knowledge of their alleged and implied connection with the encyclopedias so sold by respondent. Many members of the public believing and relying upon the truth of the aforesaid representation and being influenced, in part, by the prominence of the educators, officials, authors and contributors so listed are misled and deceived into purchasing of respondent the aforesaid encyclopedias, loose-leaf supplements, and research service.

PAR. 8. In the course and conduct of the aforesaid business respondent by his salesmen, misrepresents the tenor and effect of the contracts solicited of many prospective purchasers by informing them that the aforesaid \$39.50 is payable over a period of 10 years, whereas in truth and in fact, the contract actually obtained and relied upon by respondent in collection of the \$39.50 where a sale is made, provides for payment of the \$39.50 within a period of one

year. Many prospective purchasers, not trained to read contracts carefully before signing the same, and believing and relying upon the truth of aforesaid misrepresentation have been misled and deceived into buying of respondent aforesaid encyclopedias, supplements and research service.

PAR. 9. Respondent, his agents, salesmen, representatives, and employees by means of each and every one of the false, deceptive and misleading representations and statements set forth above has sold and is selling the Progressive Reference Library Encyclopedia, including the loose-leaf extension and research service to members of the public throughout a substantial portion of the United States, which members of the public are thereby induced to purchase said publication, extension and research service because of the aforesaid false, deceptive, misleading statements, and representations.

PAR. 10. The above alleged acts and practices of the respondent are to the prejudice of the public and respondent's competitors, and constitute unfair methods of competition in interstate commerce within the intent and meaning of 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".

ORDER TO CEASE AND DESIST

This proceeding having come on for final hearing by the Federal Trade Commission upon a complaint and respondent's answer waiving all further proceedings and consenting that the Commission may make, enter, and serve upon him an order to cease and desist from the method or methods of competition charged in the complaint, and the Commission being fully advised in the premises,

It is now ordered, That respondent B. Bruce Bessemer, an individual trading as "American Academic Research Society" and his agents, representatives, servants, and employees, in connection with the sale or offering for sale, in interstate commerce, of a certain set of reference works or encyclopedias known and designated as "Progressive Reference Library Encyclopedia" cease and desist as follows:

(1) From advertising or representing in any manner to purchasers or prospective purchasers that any book or set of books offered for sale and sold by him will be given free of cost to the said purchaser or prospective purchaser when such is not the fact.

(2) From advertising or representing in any manner to purchasers or prospective purchasers that a certain or limited number of sets or any set of books offered for sale or sold by him has been reserved to be given away free to a selected and limited number of persons as a means of advertising when such is not the fact.

(3) From advertising or representing in any manner that purchasers or prospective purchasers of his books are only buying or paying for loose-leaf supplements intended to keep the set of books up-to-date or that purchasers are only buying or paying for services to be rendered by way of research for a period of 10 years next ensuing the sale.

(4) From advertising or representing in any manner that the usual and regular price for the said supplements and research service is substantially greater than \$39.50 or that a special price is being made to the prospective customer when such is not the fact.

(5) From operating under the name and style "Mount Holyoke Research Society" unless and until purchasers and prospective purchasers are clearly informed that the said book or set of books so sold and offered for sale are not sponsored by an educational institution known as Mount Holyoke College.

(6) From representing directly or indirectly that he, B. Bruce Bessemer, or the American Academic Research Society has any connection with Mount Holyoke College or that the said encyclopedia or reference works by him sold are compiled or edited by the aforesaid college or the faculty thereof.

(7) From directly or indirectly falsely representing by way of an inducement to prospective purchasers that a regular force or staff of educational experts or research workers is maintained by him for the purpose of supplying requested information to purchasers.

(8) From representing directly or indirectly that any prominent educators, Government officials, or others, are connected with or part of his editorial staff or are contributors of data or connected in any way with the said Progressive Reference Library Encyclopedia, without authority from the said prominent educators, or Government officials or others being first had and obtained.

(9) From representing to prospective purchasers that the purchasing price of the said set of reference works is payable over a period of 10 years when in truth and in fact the purchase price is required to be paid in a shorter period of time.

It is further ordered, That respondents, and each of them shall within 60 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, and each of them, have complied with the order to cease and desist hereinbefore set forth.