

Complaint

IN THE MATTER OF

CARMAN-ROBERTS COMPANY, INC.

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

Docket 2113. Complaint, Aug. 17, 1933—Order, Oct. 9, 1933

Consent order requiring respondent corporation, its officers, etc., in connection with the sale or offer in interstate commerce of alkalies, detergents or cleansers, to cease and desist from substituting or passing off trisodium phosphate as and for monosodium phosphate, to purchasers or prospective purchasers thereof.

Mr. PGad B. Morehouse for the Commission.

Franc & Wright, of New York City, for respondent.

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 Carman-Roberts Co., Inc., a corporation, hereinafter referred to as respondent, has been using unfair methods of competition in interstate commerce in violation of the provisions of Section 5 of said act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Carman-Roberts Co., Inc., is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in the city of Pittsburgh, State of Pennsylvania. It was originally incorporated in the year 1922 as "Laundry Supply Company", and adopted its present corporate name November 5, 1929. For more than two years last past it has been engaged in the sale, both at wholesale and retail, of alkalies, and detergents or cleaners under various trade names, mixed and compounded by it and consisting of such ingredients as caustic soda, soda ash, trisodium phosphate and sodium bicarbonate. When sold, respondent causes said products and compounds to be shipped in kegs or barrels from its principal place of business in Pennsylvania in, through and to various other States of the United States for delivery to the purchasers thereof. In the course and conduct of its business as aforesaid, respondent is and has been in direct and active competition with other individuals, partnerships, and corporations engaged in the sale and distribution in interstate

commerce of like products and compounds. Respondent has never mixed, compounded, sold or distributed in interstate commerce a product known as monosodium phosphate.

PAR. 2. There are three forms of sodium phosphate, to wit: monosodium, disodium and trisodium, each form containing the number of atoms of soda indicated by the name thereof. Monosodium phosphate has an acid reaction; disodium phosphate is neutral; trisodium phosphate is alkaline. While monosodium phosphate is a more expensive product than trisodium phosphate—and is used as the active principle in sal hepatica and other medicinal and carbonated waters and also as a re-agent in baking powders—the difference between it and trisodium phosphate is not apparent to the eye.

PAR. 3. In the course and conduct of its business as aforesaid respondent has been following the practice of knowingly substituting and shipping trisodium phosphate to purchasers who have ordered monosodium phosphate and the said purchasers have unknowingly accepted and paid respondent for trisodium phosphate under the erroneous belief that respondent had complied with their order according to the terms thereof and had not “passed off” or substituted an entirely different and less expensive product therefor.

PAR. 4. In the course and conduct of its business as aforesaid, by means of filling with trisodium phosphate, the orders of purchasers for monosodium phosphate, respondent has followed the practice of misrepresenting the quality, composition, effect and value of the commodity sold to the said purchasers, and they, believing and relying upon the truth of said representation have bought and paid respondent therefor.

PAR. 5. The acts and things above alleged to have been done, the substitution as aforesaid, and the false and misleading representation thereby made by respondent, are to the prejudice and injury of the public and to the competitors of respondent, have the tendency unfairly to divert trade from respondent's competitors to respondent, and constitute unfair methods of competition in commerce within the intent and meaning of Section 5 of an act of Congress entitled “An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes”, approved September 26, 1914.

ORDER TO CEASE AND DESIST

This proceeding having come on for final hearing by the Federal Trade Commission upon respondent's answer waiving all further procedure and consenting that the Commission may make, enter and serve upon it an order to cease and desist from the unfair methods

of competition charged in the complaint, and the Commission being fully advised in the premises:

It is now ordered, That the respondent Carman-Roberts Co., a corporation, and its officers, agents, representatives, and employees, in connection with the sale or offering for sale in interstate commerce, of alkalies, detergents or cleansers, cease and desist from substituting or passing off trisodium phosphate as and for monosodium phosphate to purchasers or prospective purchasers thereof.

It is further ordered, That the respondent shall, within 60 days from the date of the service upon it of a copy of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied therewith.

IN THE MATTER OF
**AMERICAN COLLEGE, AMERICAN UNIVERSITY, DENTON
N. HIGBE, INDIVIDUALLY AND AS PRESIDENT OF
AMERICAN COLLEGE AND AS PRESIDENT OF AMERI-
CAN UNIVERSITY**

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

Docket 2034. Complaint, May 13, 1932—Decision, Oct. 10, 1933

- Where two corporations respectively engaged in the sale of correspondence courses in, (1) "pedopractic", through which course it was undertaken to teach purchasers how to diagnose, treat and correct many disorders and deformities of the foot, by manual physical procedure and other methods, including dietetics, mechanotherapy, exercise, manipulations, massage, etc., and, (2) physiotherapy, through which course, involving such subjects and/or basic sciences as physiological therapeutics, mechanotherapy, nature cure, spinal adjustment, and suggestive therapeutics, and anatomy, psychology, pathology, symptomatology and diagnosis, it was undertaken to teach purchasers, by mail, how to diagnose, treat and relieve human ailments by manual physical means, and by methods of mental suggestion; and an individual, president and principal owner of the capital stock of the two corporations, and by virtue of such ownership in active control thereof and manager and director of their policies;
- (a) Falsely represented through their advertisements that graduates of the course of "Pedopractic" should earn from \$200 to \$500 a month and that their earnings might easily be from \$400 to \$1,000 a month, or more, or even \$50 a day, and that graduates in the course of physiotherapy could have large clienteles, big lucrative practices, and amazingly big incomes, with many physiotherapists earning from \$3,000 to \$5,000 a year, and that the student, almost immediately after graduation, could earn a larger income than he made before taking it, facts being such representations were so greatly exaggerated as to be false and misleading to prospective student purchasers;
- (b) Represented that the respective corporations contracted or undertook to refund to the students of their respective courses every cent paid therefor, without red tape or delay, if earnings did not come up to the student's expectations, or, in the case of the pedopractic course, if the students were in any way dissatisfied with instruction and service received, or did not feel capable of entering the work, or to continue their instruction until satisfied, should their earnings prove disappointing, facts being such refunds were admittedly granted only under exceptional circumstances, and were not granted where a graduate's office, following opening thereof by him, was thereafter closed by State authorities, and such representations were false and misleading: