

IN THE MATTER OF
FREDERICK W. DOBE, DOING BUSINESS UNDER THE
NAME AND STYLE OF DOBE SCHOOL OF DRAFTING
AND AS ENGINEER DOBE

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

Docket 2464. Complaint, June 27, 1935—Order, Jan. 30, 1936

Consent order requiring respondent, his agents, etc., in connection with the sale, offer for sale or distribution in interstate commerce of courses of study and instruction in drafting, or in any other subject, to cease and desist from—

- (a) Representing that draftsmen or workers in any line in which he gives instruction are in demand or that jobs in such lines are plentiful until such representations are true when made, and using reproductions of clippings from the "Help Wanted" columns to indicate such demand until such reproductions are of current advertisements and represent current employment conditions;
- (b) Representing and using a picture of a building to represent his occupation thereof in the conduct of his school, unless and until such building is occupied entirely and exclusively by such school, or unless accompanied by a conspicuous statement that the school occupies only a portion thereof;
- (c) Representing salaries of beginners or experts in its lines as other than those prevailing at the time such representations are made, or salaries of experienced workers as those that may be made by his students as beginners;
- (d) Representing that he maintains an employment service, or guarantees to, or that he can and will get jobs for students, unless and until he conducts a bona fide employment service through which active efforts are systematically made to locate openings for jobs and to place his students therein, and unless and until employment demands warrant such assurances at the time they are made;
- (e) Representing that money paid will be refunded unless positions are obtained by his students, unless and until such refunds are in fact made upon students' failure to secure positions after reasonable study and work on courses for which enrolled;
- (f) Representing that drawing tables or other equipment furnished students are limited in number or will be furnished only to those who enroll within a definite and limited time unless and until such equipment is in fact limited in number or cannot or will not be augmented by further purchases and unless and until such limitation as to time is in fact observed; or
- (g) Using reproductions of letters from his former students who have secured positions or have been advanced to high salaries or important positions unless and until such letters are of current or recent date and reflect then existing opportunities and employment conditions.

Mr. Harry D. Michael for the Commission.

Doyle & Ross, of Washington, D. C., for respondent.

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COMPLAINT

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, having reason to believe that Frederick W. Dobe, doing business under the name and style of Dobe School of Drafting and as Engineer Dobe, has been and is using unfair methods of competition in commerce as "commerce" is defined in said act, and it appearing to said 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. That said respondent, Frederick W. Dobe, doing business under the name and style of Dobe School of Drafting, and as Engineer Dobe, is now and for more than five years last past has been engaged in the sale and distribution of courses of study and instruction designed and intended for training students thereof in various types of drafting, which said courses of study and instruction are pursued by correspondence. Said respondent, in conducting his said business, has his office and principal place of business near Libertyville, in the State of Illinois. Respondent, in the course and conduct of his said business, causes his said courses of study and instruction, consisting of books, pamphlets, study and instruction sheets, and other printed or mimeographed matter, as well as drawing equipment, consisting of tools, instruments, tables, etc., to be transported in interstate commerce from his said place of business in Illinois to, into, and through States of the United States other than Illinois, to various and numerous persons to whom said courses of study and instruction are or have been sold.

PAR. 2. That, during the time above mentioned, other individuals, firms, and corporations in various States of the United States are, and have been, engaged in the sale and distribution in interstate commerce of courses of study and instructions designed and intended for training students thereof in various forms and types of drafting, as well as in the sale and distribution in interstate commerce of courses of study and instruction in other lines, all of which are pursued by correspondence. Such other individuals, firms, and corporations have caused and do now cause their said courses of study and instruction, and equipment connected therewith, when sold by them, to be transported from various States of the United States to, into, and through States other than the State of origin of the shipment thereof. Said respondent has been, during the aforesaid time, in competition in interstate commerce in the sale of his said courses of study and instruction, and supplies and equipment connected therewith, with such other individuals, firms, and corporations.

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PAR. 3. That respondent, in his advertising literature distributed to prospective students in various States of the United States, and in his advertisements inserted in magazines and other publications distributed generally to the public throughout the United States, makes various representations in regard to the prospects of employment in drafting positions, salaries paid, and otherwise, which are misleading and greatly exaggerated. Among the advertising circulars sent out by respondent within the last five years is one depicting a large number of newspaper clippings showing help-wanted advertisements for draftsmen and workers in kindred lines. Such advertising circulars represent and imply by such depictions that such help wanted advertisements are current advertisements and that they represent and depict the current demand for work in such lines, and that such work is plentiful at the time, and that many jobs of such nature were available at the time such circulars were used. In truth and in fact, such help-wanted advertisements so depicted were taken from newspapers published in 1929, or prior thereto. No such demand for draftsmen and workers in kindred lines has existed during the period from 1930 to 1935 when such circulars were used. The available supply of trained and experienced workers in such lines during such time has greatly exceeded the demand, and most concerns using draftsmen have greatly reduced their forces.

Other representations of such nature have been made by respondent in his advertising matter, among which are the following:

* * * JOBS NOW in aviation, electricity, machinery, auto work and certain building lines. Even now all these industries and others, too, are employing draftsmen. * * *

* * * Trained men needed NOW! * * *

* * * Engineer Dobe will train you at your home by mail until you get that good job * * *.

* * * Jobs open NOW! * * *

* * * A good many of my students accept positions as first class Draftsmen long before they finish my course, which shows the demand there is for draftsmen, * * *

* * * Good positions for men to fill. Due to the size of the field in Drafting, there are open splendid positions for competent Draftsmen. * * *

* * * There are calls for Draftsmen daily. * * *

* * * You will have plenty of good pay positions to choose from at all times * * *

Better JOBS now DRAFTING * * *

* * * During the past general let-down in business the Draftsmen have not suffered as so many less fortunate men in other lines have * * *.

PAR. 4. That, in some of the said advertising matter used by respondent, as aforesaid, respondent makes use of the picture of a large building which indicates and implies to the public that the

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building so pictured is used by respondent in the conduct of his school, or for his work as a consulting engineer. The latter impression is increased in some of the advertising material by the wording, "Dobe Engineering Service", imposed upon the building so depicted. In truth and in fact, the building so depicted is not used by respondent for his school or for his engineering service and he maintains and operates no building, for either purpose, of the size and extent of the building pictured. Respondent's only employees are a few girls who attend to the office and clerical work incident to the conduct of the correspondence course.

PAR. 5. That respondent, in his advertising matter as hereinbefore described, makes many misleading, inaccurate and exaggerated statements in regard to the pay that his students may expect to receive upon completing the training offered, as well as in regard to the general pay scales in the work involved. Among such statements are the following:

Draftsmen	\$200 month
Head Draftsman.....	300 month
Designers.....	400 month
Chief Draftsman.....	600 month

* * * Be ready for Big Pay * * *

* * * Jobs pay \$50 a week or more. * * *

* * * Earn up to \$50 a week to start. * * *

Drafting office showing draftsmen, employed at steady work,
 • drawing from \$250 and up to \$600 per month salary * * *.

* * * Draftsmen trained by me earn \$200 to \$300 a month.

You'll do this too. * * *

If you earn less than \$70 a week I'll train you at home for a big pay position.

Big Pay—Opportunity.

* * * Good designers are in urgent demand. Some command really big salaries—up to \$1,000 a month. That's what you can look forward to when you become proficient. * * *

That, in truth and in fact, such statements as the above, together with others of the same general nature, made by respondent in his advertising matter, do not truly reflect the salary or wage situation in the field of work referred to, or the possibilities of earnings to be made by respondent's students on the completion of respondent's courses, nor did such representations reflect the wage or salary situation at the time they were made.

That, in truth and in fact, the average beginning draftsman receives only from \$15.00 to \$20.00 per week, and only trained, experienced draftsmen receive as much as \$50.00 per week. The higher salaries named by respondent in his advertising matter are the exceptional positions and not the general rule. No such positions or salaries are open to beginners who have finished respondent's courses.

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PAR. 6. That respondent represents in his advertising matter, as aforesaid, that he can and will get positions for his students, through the operation of his special employment service, and that he will guarantee a position, or money paid will be refunded; when, in truth and in fact, respondent has rendered no such employment service since 1931 and his correspondence and connections with employers took place prior to that time. Furthermore, he makes no guarantee of a position nor does he refund money paid if a position is not obtained. Among the misleading representations of respondent in that regard are the following:

FREE Employment Service.

After training you I help you to a job without charging you a cent for this service. For 30 years employers of Draftsmen have been writing me when they want help.

I'll train you until you actually have a good job as a draftsman.

(That's my guarantee, or your money back.)

* * * I'll train you until competent and until assisted to position OR all your money back.

Employment service until in a steady position.

PAR. 7. That respondent, in his advertising matter, has offered to furnish a limited number of drawing tables to students if they enroll within a limited time, when, in truth and in fact, such tables furnished by respondent were not limited in number or as to time of enrollment of his students, but were furnished generally to all students, as a part of the equipment included in that furnished for the amount paid for the course. Such representations by respondent in that respect included the following:

For advertising purposes, a limited number of the "Chief's Own" folding drawing tables are offered NOW by me if you enroll as my student within the next 10 days after receiving application.

Moreover, respondent, in some of his advertising matter, represented that his available supply of drafting instruments was limited and that prospective students must hurry and get their applications in immediately, in order to be assured that they are in before the supply of instruments is exhausted, when, in truth and in fact, respondent has furnished and does furnish to all applicants sets of drawing instruments, regardless of when the applications are sent or received, and additional supplies of drafting instruments have been available to respondent at all times during the past five years. Such a representation so made by respondent is as follows:

If you enroll right away, I will send you this fine, complete working outfit immediately. But as my stock of instruments, which are imported from Europe, is limited, you must hurry and make arrangements to get your enrollment in before my supply is exhausted.

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PAR. 8. That respondent, in his advertising matter, as aforesaid, uses reproductions of letters of his former students who have advanced to high positions in business, or who have been advanced to positions paying high salaries. That prospective students are led to believe from such advertisements that such letters depict current conditions and are of current or very recent date. In truth and in fact, such letters do not reflect current conditions, nor are they of recent date, but were written eight or more years ago and reflect conditions that do not now exist, nor did they exist within the last five years during which such advertisements were used.

PAR. 9. That the representations of respondent, as aforesaid, have had and do have the tendency and capacity to confuse, mislead and deceive members of the public into the belief that positions for draftsmen are available and plentiful; that business firms are advertising for draftsmen to fill positions; that employment conditions in drafting lines have been better than in other lines; that respondent has a large and extensive establishment where he conducts his school, or in which he conducts his business as a consulting engineer; that beginning wages are high and that exceptionally high-salaried positions are available and easily obtainable; that respondent can get positions for his students; that respondent will refund money paid for his training if positions are not secured; that equipment is furnished for a limited time, or in limited amount, and that advancement of his former students reflects current conditions and are current happenings, when, in truth and in fact, such are not the facts. Said representations of respondent have had and do have the tendency and capacity to induce members of the public to answer his said advertisements, to sign contracts to take his courses, to pay money to respondent for the same and to pursue his courses of instruction, because of the erroneous beliefs engendered as above set forth, and to divert trade to respondent from competitors engaged in the sale of correspondence courses in interstate commerce in the lines so offered by respondent, as well as from those so engaged in other lines of instruction by correspondence.

PAR. 10. The above acts and things done by respondent are all to the injury and prejudice of the public and the competitors of respondent in interstate 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

The respondent herein having filed his answer to the complaint in this proceeding, and having subsequently filed with this Com-

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mission his motion that he be permitted to withdraw his said answer and that he be permitted to file in lieu thereof as a substituted answer, the draft of a proposed substituted answer annexed to the said motion; and the Commission having duly considered the said motion—

It is hereby ordered, That the said motion be and the same is hereby granted; that the said answer be and the same is hereby withdrawn; and that the said proposed substituted answer be, and the same is hereby filed in lieu of the said answer so withdrawn.

And the said respondent in and by his said substituted answer having waived hearings on the charges set forth in the complaint in this proceeding, and having stated in his said substituted answer that he does not contest the said proceeding, and having consented in his said substituted answer that the Commission, without a trial, without evidence, and without findings as to the facts or other intervening procedure, might make, enter, issue, and serve upon the said respondent, an order to cease and desist from the methods of competition charged in the complaint; and the Commission being fully advised in the premises;

It is hereby further ordered, That the respondent, Frederick W. Dobe, doing business under the name and style of Dobe School of Drafting and as Engineer Dobe, or under any other trade name, his agents, representatives, servants and employees, in connection with the sale, offering for sale or distribution in interstate commerce and in the District of Columbia of courses of study and instruction in drafting, or in any other subject, cease and desist from the following practices, to wit:

(1) Representing directly or indirectly that draftsmen or other workers in any line in which he gives instruction are in demand or that jobs in such lines are plentiful and to be had unless such are the facts and true at the time such representations are made.

(2) Using reproductions of clippings from "Help Wanted" columns of newspapers and other publications to indicate the demand for workers in drafting and other lines unless such reproductions are those of current advertisements at the time they are used and unless they reflect the employment conditions then existing.

(3) Representing by use of the picture of a building that such building is used and occupied by respondent in the conduct of his school when in truth and in fact such is not the case.

(4) Using the picture of a building in which respondent's school is conducted unless and until such building is occupied entirely and exclusively by the school or unless such picture is accompanied by

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a conspicuous statement setting forth the portion of the building used or that the school occupies only a portion thereof.

(5) Representing directly or indirectly that the beginning salaries of draftsmen or of other workers in the lines in which respondent gives instruction or that the salaries of expert workers in such lines are other than those prevailing at the time such representations are made.

(6) Representing directly or indirectly that salaries of experienced workers set out in his advertisements are those that may be made by his students as beginning salaries.

(7) Representing directly or indirectly that he maintains an employment service unless and until he does in fact conduct a bona fide employment service through which active efforts are systematically made to locate openings for jobs and to place his students therein.

(8) Representing directly or indirectly that jobs are guaranteed or that he can and will get jobs for his students unless and until such are the facts and unless and until employment demands warrant such assurances at the time they are made.

(9) Representing directly or indirectly that money paid will be refunded unless positions are obtained by his students unless and until such refunds are in fact made upon failure of such students to secure positions after reasonable study and work on the courses of study for which they enroll.

(10) Representing directly or indirectly that drawing tables or other equipment furnished to students who enroll for his courses are limited in number or that such will be furnished only to those who enroll within a definite and limited time unless and until such equipment is in fact limited in number or cannot or will not be augmented by further purchases and unless and until such limitation as to time is in fact observed.

(11) Using reproductions of letters from his former students who have secured positions or who have been advanced to high salaries or to important positions unless and until such letters are of current or recent date at the time of such use and reflect the then existing opportunities and employment conditions.

It is further ordered, That said Frederick W. Dobe, within 60 days from and after the date of the service upon him of this order shall file with the Commission a report in writing, setting forth in detail the manner and form in which said order to cease and desist hereinabove set forth is being complied with.

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IN THE MATTER OF
AMERICAN WHITE CROSS LABORATORIES, INC.

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

Docket 2640. Complaint, Nov. 26, 1935—Order, Jan. 30, 1936

Consent order requiring respondent, its officers, etc., in connection with the offer for sale and sale of absorbent cotton in interstate commerce and in the District of Columbia, to cease and desist from—

- (a) Advertising, branding, labeling, or otherwise describing or representing packaged cotton as "sterilized" or "sanitary", or using any other word or words stating or implying that said product is sterilized or sanitary, unless the same is in fact sterilized and free from bacteria after being packaged and while contained in its original unbroken package; or
- (b) Advertising, etc., cotton as manufactured under the best sanitary conditions unless and until such cotton in fact has been so manufactured and packaged under strictest sanitary conditions in which full, and best accepted scientific sanitary precautions have been taken and followed for the removal and exclusion of all bacteria from such cotton after the packaging thereof.

Mr. Marshall Morgan for the Commission.

COMPLAINT

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, having reason to believe that American White Cross Laboratories, Inc., a corporation, hereinafter referred to as respondent, has been and is using unfair methods of competition in commerce, as "commerce" is defined in said act of Congress, and it appearing to said 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, American White Cross Laboratories, Inc., also known as American Laboratories, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 52 Webster Street in New Rochelle, State of New York, with a branch plant and office located at Cape Girardeau, Mo. Respondent's principal office and place of business was formerly