

IN THE MATTER OF  
UTILITIES ENGINEERING INSTITUTE

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

*Docket 2896. Complaint, Aug. 11, 1936—Decision, Nov. 4, 1936*

Where a corporation engaged in the sale and distribution of a correspondence course in air conditioning and electric refrigeration direct to the purchasing public in the various States and in the District of Columbia, and in connection therewith in advertising, among other things, that prominent officials of leading manufacturing firms served actively as an "Advisory Board" for it, contributing their time and assistance, and using a fictitious name asserted to represent a separate company retained by it to enforce the collection of overdue accounts, and through which it threatened customers, etc.; in competition with those who do not, in the guise of offering employment, advertise their said courses, represent that leading manufacturers are serving actively in an advisory capacity or contributing their time and assistance, or employ dummy trade names in the guise of collection agencies, but accurately advertise and represent their said courses—

- (a) Inserted in the classified advertisements in newspapers and periodicals of general circulation, as a means of contacting prospective customers, and in many instances under such headings as "Help Wanted" or "Male Help Wanted" such statements as "Wanted—Men to Qualify for Good Pay Positions," "We want to interview men willing to qualify for jobs in air conditioning, electric refrigeration. Big pay opportunities for young men in America's fastest-growing businesses \* \* \*," "Reliable young men wanted," and frequently gave a post office box number only in connection therewith, and turned over to its agents and representatives inquiries or replies received in response to such "blind ads," which failed to disclose the actual fact that it was a correspondence course, including shop practice and placement help, that was being offered, and misled and deceived prospect into erroneous belief that advertiser was in a position to offer him employment; and
- (b) Represented that so-called "job tickets" would be furnished applicants or students after a short time, whereby they could earn money, while training, through installation and servicing of electric ice boxes, through including in its application blanks used by it in signing prospects to its refrigeration contracts that it offered the prospect, among other features and services, "A series of Job Tickets to enable me to do spare time servicing, earn extra money, and gain practical experience while training;" facts being it had no jobs or positions to offer, leading manufacturers did not serve it in an advisory capacity or thus contribute their time to the conduct of its activities, and collection agency referred to was merely a trade name employed by it for collecting unpaid accounts and sums of money claimed to be due it from customers;

With capacity and tendency to mislead and deceive those contracting with, or considering contracting with it, and with effect of so doing, and with result that some of prospects thus contacted by it through its advertisements,

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agents, or use of mails as inducement to sign contracts with it, were thereby led into belief, and believed that it would provide them with jobs if they took its course, and with permanent positions upon completion thereof; and with result that customers, by reason of such false and misleading representations, were induced and persuaded to buy its said courses, and trade was thereby diverted to it from competitors; to the substantial injury of competition in commerce:

*Held*, That such methods, acts, and practices were all to the prejudice of the public and competitors, and constituted unfair methods of competition.

*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 Utilities Engineering Institute, Inc., hereinafter referred to as respondent, has been, and is now, using unfair methods of competition in commerce as "commerce" is defined in 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 Utilities Engineering Institute, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 404 North Wells Street, in Chicago, State of Illinois, with a branch office located at 841 Broadway, New York City.

Respondent is now, and for more than one year last past, has been engaged in the sale and distribution of correspondence courses in air conditioning and electric refrigeration direct to the purchasing public located in the various States of the United States other than the State of Illinois, and in the District of Columbia.

There is now and has been for more than one year last past a consistent current of trade and commerce by said respondent in aforementioned correspondence courses between and among various States of the United States and the District of Columbia. In the course and conduct of its said business respondent is and has been in substantial competition with other corporations and with partnerships and individuals engaged in the sale and distribution in commerce between and among the various States of the United States and the District of Columbia of correspondence courses in air conditioning and electric refrigeration. In connection with the sale and distribution of its said correspondence courses, respondent transports or

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causes to be transported from its place of business in the State of Illinois to the purchasers thereof located in a State or States other than the said State of Illinois, printed copies of volumes of its lessons, examination questions and other pamphlets and documents used in connection with correspondence courses sold by respondent.

PAR. 2. In the course and conduct of its said business as described in paragraph 1 hereof, respondent has been and is now engaged in soliciting the sale of and in selling correspondence courses, including books, pamphlets, and written lessons in air conditioning and electric refrigeration, through the medium of "Want" advertisements inserted in daily and weekly newspapers, magazines, and similar publications, and by correspondence and salesmen. Said salesmen are furnished by respondent, for submission to prospective customers, with blanks, written contracts, and advertising material.

Respondent's method of getting in communication with prospective customers is to insert "blind" advertisements in newspapers, magazines, and other periodicals having general circulation throughout the various States of the United States. Included among said advertisements caused by respondent to be thus published are the following:

Wanted—Men to Qualify for Good Pay Positions

\*                      \*                      \*                      \*                      \*

We want to interview men willing to qualify for jobs in air conditioning, electric refrigeration. Big pay opportunities for young men in America's fastest-growing businesses \* \* \*

\*                      \*                      \*                      \*                      \*

Reliable young men wanted.

these and similar advertisements appearing in many instances in the classified advertising columns under such headings as: "Help Wanted", or "Male Help Wanted". In various instances advertisements thus employed by the respondent gave and give only a post office box number and said advertisements were and are so worded as to conceal cleverly the actual fact that a correspondence school course only was and is being offered for sale, and have confused mislead and deceived and do confuse, mislead and deceive the prospective purchaser into believing that the advertiser was and is in a position to offer him employment, when such was not the fact.

Inquiries or replies received in response to such advertisements were and are turned over to agents and representatives of respondent, who thereupon follow them up and contact the persons making inquiry and reply and obtain or endeavor to obtain their signatures to contracts for respondent's said correspondence course.

PAR. 3. In the course and conduct of its business as aforesaid, respondent attempts to and does enforce collections of accounts over-

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due it by reason of the contracts for its courses of study induced and obtained from purchasers through its false representations and mis-statements as aforesaid, by the following means and method:

It has adopted and uses a fictitious name, to wit, "Globe Agency," which it falsely represents to its said customers is a separate company from the respondent, which said separate company has been retained to enforce the collection of the said overdue payments, and under the said fictitious name threatens its said customers with court proceedings and with additional charges and costs in the event that the said overdue payments are not promptly made. In carrying out this deceptive practice, special letterheads are prepared by respondent for the said Globe Agency, reading as follows:

## GLOBE AGENCY

Collections

Adjustments

## BAD ACCOUNTS

## OUR SPECIALTY

|                        |                   |                    |
|------------------------|-------------------|--------------------|
| Creditor's Claim-----  | Room 611          | Amount-----        |
| 820 N. Michigan Avenue |                   |                    |
| Docket No.-----        | Chicago, Illinois | Date Received----- |

Said address given as aforesaid for the Globe Agency is other than and different from that given by respondent as its own principal office address, namely 404 Wells Street, Chicago, Ill.

In truth and in fact the "Globe Agency" is none other than the respondent itself.

PAR. 4. Respondent, in further connection with the sale of its correspondence courses in commerce, has represented and represents, through salesmen and through office advertising literature, that so-called "Job Tickets" would be furnished applicants after a short time, whereby they could earn money through the installation and servicing of electric ice boxes, and respondent's "Personal Qualification Chart," presented by respondent's agents or transmitted through the mails to prospects for signature, contains the following among other inquiries:

Do you prefer local employment after completing the training? Would you be willing to accept a position in another city if the location and all conditions were satisfactory to you?

Application blanks employed by respondent in signing prospects to electric refrigeration training contracts offer the said prospects the following among other features and service:

A series of Job Tickets to enable me to do spare time service, earn extra money, and gain practical experience while training.

and

Free employment service after graduation.

Prospects contacted by respondent company through its advertisements, agents, or by the use of the mail, as an inducement to them to sign contracts with respondent, are thereby led to believe, and do believe, and have believed that respondent company will and would provide them with jobs as they take respondent's course, and with permanent positions upon the completion thereof, when such is not the fact.

PAR. 5. Respondent, in further connection with the sale of its correspondence course, including the respective features thereof, has represented and represents that its plan of training is and has been made possible through the cooperation of leading manufacturing firms engaged in the manufacture of refrigeration and air conditioning products, and that prominent officials of such companies serve actively as an "Advisory Board" for respondent, contributing their time and assistance to the conduct of respondent's activities, when such are not the facts.

The above and hereinbefore recited representations are false, misleading, and deceptive, and have the capacity to and do mislead and deceive those contracting with or who consider contracting with respondent. In truth and in fact, respondent has no jobs or positions to offer or to give as represented in its "Male Help Wanted" and similar classified advertising, or by agents or office literature transmitted through the mail; the Globe Agency so-called, is not, in fact, a collection agency or a company at all, but a trade name and dummy employed by respondent in collecting unpaid accounts claimed to be due it and in obtaining sums of money in excess of those actually due from customers; and said leading manufacturers through their alleged cooperation, have not made possible respondent's plan of training, and do not serve and have not served actively on respondent's advisory board or contributed their time to the conduct of respondent's activities.

PAR. 6. Among the competitors of respondent referred to in paragraph 1 hereof, there are those who do not offer and advertise correspondence courses under the guise of offering employment to or employing male help, who do not employ dummy trade name companies under the guise of collection agencies, and who do not represent that the cooperation of leading manufacturers of air conditioning and refrigeration products have made their correspondence courses possible and that such leading manufacturers are serving actively on their advisory boards and are contributing actively their time and assist-

ance, and who in no wise make use of the methods employed by respondent and do not make the same or similar representations, but who, on the contrary, advertise and represent their correspondence courses fairly and accurately.

PAR. 7. Respondent's use of the above recited statements and representations is false and misleading. As a result of such false and misleading representations on the part of respondent, customers are being and have been induced and persuaded to purchase the correspondence courses in air conditioning and electric refrigeration offered by respondent, thus diverting trade to respondent from its competitors, and thereby respondent does substantial injury to competition in interstate commerce.

PAR. 8. The aforesaid methods, acts, and practices of respondent are all to the prejudice of the public and of respondent's competitors as hereinbefore alleged, 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."

#### REPORT, FINDINGS AS TO THE FACTS, AND ORDER

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 on the 11th day of August 1936, issued, and on the 13th day of August 1936, served, its complaint in this proceeding upon respondent, Utilities Engineering Institute, charging it with the use of unfair methods of competition in commerce in violation of the provisions of said act. After the issuance of said complaint, respondent, Utilities Engineering Institute, on the 17th day of September 1936, entered into a stipulation as to the facts, which stipulation was duly filed in the office of the Commission, and was on the 28th day of October, approved by the Commission. In said stipulation as to the facts, respondent admits all the material allegations of the complaint to be true, and states that it waives hearing on the charges set forth in the complaint, and consents that, without further evidence or other intervening procedure, the Commission may issue and serve upon it findings as to the facts and conclusion and order to cease and desist from the violations of law charged in the complaint.

Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and stipulation as to the

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facts, briefs and oral argument of counsel having been waived, and the Commission having duly considered the same and being now fully advised in the premises, finds that this proceeding is in the interest of the public, and makes this its findings as to the facts and its conclusion drawn therefrom:

## FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent is now, and for more than one year last past has been, engaged in the sale and distribution of correspondence courses in air conditioning and electric refrigeration direct to the purchasing public located in the various States of the United States other than the State of Illinois, and in the District of Columbia. There is now, and has been for more than one year last past, a consistent current of trade and commerce by said respondent in aforementioned correspondence courses between and among the various States of the United States and the District of Columbia. In the course and conduct of its said business, respondent is, and has been, in substantial competition with other corporations and with partnerships and with individuals engaged in the sale and distribution in commerce between and among the various States of the United States and the District of Columbia of correspondence courses in air conditioning and electric refrigeration. In connection with the sale and distribution of its said correspondence courses, respondent transports, or causes to be transported, from its place of business in the State of Illinois to the purchasers thereof located in a State or States other than the said State of Illinois, printed copies of its lessons, examination questions, and other pamphlets and documents used in connection with correspondence courses sold by respondent.

PAR. 2. In the course and conduct of its said business as described in paragraph 1 hereof, respondent has been, and is now, engaged in soliciting the sale of, and in selling, correspondence courses, including pamphlets and written lessons and shop practice in air conditioning and electric refrigeration, through the medium of "Want" advertisements inserted in daily and weekly newspapers, magazines, and similar publications, and by correspondence and salesmen. Said salesmen are furnished by respondent, for submission to prospective customers, with blanks, written contracts, and advertising material.

Respondent's method of getting in communication with prospective customers is to insert classified advertisements in newspapers, magazines, and other periodicals having general circulation throughout the

various States of the United States. Included among said advertisements caused by respondent to be thus published, are the following:

Wanted—Men to Qualify for Good Pay Positions

\* \* \* \* \*

We want to interview men willing to qualify for jobs in air conditioning, electric refrigeration. Big pay opportunities for young men in America's fastest-growing businesses \* \* \*

\* \* \* \* \*

Reliable young men wanted

These and similar advertisements appeared in many instances in the classified advertising columns under such headings as: "Help Wanted", or "Male Help Wanted." In various instances advertisements thus employed by the respondent gave, and give, only a post office box number, and said advertisements, known as "Blind Ads", were, and are, so worded as not to disclose the actual fact that a correspondence school course, including shop practice and placement help, was, and is, only being offered for sale, and have confused, misled, and deceived, and do confuse, mislead, and deceive, the prospective purchaser into believing that the advertiser was, and is, in a position to offer him employment, when such was not the fact, the true fact being that only assistance in the matter of placement is rendered to students trained by the school.

Inquiries or replies received in response to such advertisements were, and are, turned over to agents and representatives of respondent, who thereupon follow them up and contact the persons making inquiry and reply, and obtain or endeavor to obtain their signatures to contracts for respondent's said correspondence courses.

PAR. 3. Respondent, in further connection with the sale of its correspondence courses in commerce, has represented through salesmen and through office advertising literature, that so-called "job tickets" would be furnished applicants after a short time, whereby they could earn money through installation and servicing of electric refrigerators.

Application blanks employed by respondent in signing prospects to electric refrigeration training contracts have offered the said prospects the following, among other features and services:

A series of Job Tickets to enable me to do spare time servicing, earn extra money, and gain practical experience while training.

Some of the prospects contacted by respondent company through its advertisements, agents, or by the use of the mails, as an inducement to them to sign contracts with respondent, are thereby led to believe, and do believe, and have believed, that respondent company will, and would, provide them with jobs if they take respondent's course, and

with permanent positions upon completion thereof, when such is not the fact.

PAR. 4. Respondent, in further connection with the sale of its correspondence courses, including the respective features thereof, has represented, and represents, that prominent officials of leading manufacturing firms serve actively as an "Advisory Board" for respondent, contributing their time and assistance to the conduct of respondent's activities, when such are not the facts.

PAR. 5. In the further course and conduct of its business as aforesaid, respondent attempts to, and does, enforce the collection of accounts overdue it by reason of the contracts for its courses of study induced and obtained from purchasers as hereinbefore related, by the following means and method:

It has adopted and uses a fictitious name, to-wit, "Globe Agency", which it deceptively represents to its said customers as a separate company from respondent, retained by respondent to enforce the collection of said overdue payments or accounts, and under and through the use of said fictitious name threatens respondent's said customers with court proceedings and with additional charges and costs in the event that said overdue payments are not promptly made. In carrying out this deceptive practice, special letterheads are prepared for the said Globe Agency, reading, among other particulars, as follows:

#### GLOBE AGENCY

Collections  
Adjustments

#### BAD ACCOUNTS

#### OUR SPECIALTY

|                  |                        |               |
|------------------|------------------------|---------------|
| Creditor's Claim | Room 611               | Amount        |
|                  | 820 N. Michigan Avenue |               |
| Docket No.       | Chicago, Illinois      | Date Received |

Said address given as aforesaid for the Globe Agency is other than, and different from, that given by respondent as its own principal office address, namely, 404 Wells Street, Chicago, Ill.

In truth and in fact, the said "Globe Agency", thus represented by respondent as an actual bona fide collection agency, is none other than the respondent itself.

The above and hereinbefore recited representations are false, misleading and deceptive, and have the capacity to, and do, mislead and deceive those contracting with, or who consider contracting with, respondent. In truth and in fact, respondent has no jobs or

positions to offer or to give, as might be inferred from its "Male Help Wanted" advertising, or from the representations of its agents, or representations contained in its office literature transmitted through the mail; leading manufacturers through their alleged official cooperation, do not serve, and have not served, actively or officially on respondent's advisory board, or contributed their time in such way to the conduct of respondent's activities; and the Globe Agency, so called, is not in fact a collection agency or a company at all, but merely a trade name and dummy employed by respondent in collecting unpaid accounts and various sums of money claimed to be due it from customers.

PAR. 6. Among the competitors of respondent referred to in paragraph 1 hereof, there are those who do not offer and advertise correspondence courses under the guise of offering employment to, or employing, male help; who do not represent that leading manufacturers are serving actively and officially on their advisory boards and are contributing actively and officially their time and assistance; who do not employ dummy trade name companies under the guise of collection agencies, and who in no wise make use of the methods employed by respondent, and who do not make the same or similar representations, but who, on the contrary, advertise and represent their correspondence courses accurately.

PAR. 7. The aforesaid representations made by the respondent about and concerning its correspondence courses are false and misleading, and as a result of such representations on the part of respondent, customers are being, and have been, induced and persuaded to purchase the correspondence courses in air conditioning and electric refrigeration offered by respondent, thus diverting trade to respondent from its competitors and thereby respondent does substantial injury to competition in interstate commerce.

#### CONCLUSION

The aforesaid methods, acts, and practices of respondent are all to the prejudice of the public and of respondent's competitors as hereinbefore alleged, and constitute unfair methods of competition in 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."

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## ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and a stipulation as to the facts entered into between the respondent herein, Utilities Engineering Institute, a corporation, and counsel for this Commission, in which stipulation as to the facts respondent admits all the material allegations of the complaint to be true and states that it waives hearing on the charges set forth in the complaint, and consents that, without further evidence or other intervening procedure, the Commission may issue and serve upon it findings as to the facts and the conclusion that the respondent has violated 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"; and the Commission having made its findings as to the facts and its conclusion that said respondent has violated the provisions of said Act of Congress;

*It is hereby ordered*, That the said respondent, Utilities Engineering Institute, its officers, representatives, agents, and employees, in connection with offering for sale, sale and distribution of correspondence courses in air conditioning and electric refrigeration in interstate commerce or in the District of Columbia, do cease and desist:

1. From representing, directly or indirectly, through advertisements inserted in classified advertising pages of newspapers, magazines or other advertising literature, under such headings as "Wanted", "Help Wanted", "Male Help Wanted", "Young Men Wanted", or headings of similar import and effect, or through the use of any other means, that respondent has positions or jobs at its disposal or that employment is being or will be offered to persons who answer said advertisements, when said advertisements are in reality contact advertisements used in connection with the sale of respondent's course of instructions;

2. From the use of any word or words employed as a heading, title or otherwise in newspaper advertising or other advertising media which have the capacity, tendency and effect of confusing, misleading or deceiving the reader of such advertisement in relation to the fact that a correspondence course of instruction in air conditioning and electric refrigeration is being offered for sale;

3. From representing, directly or indirectly, that so-called "Job Tickets" will be furnished applicants or students, after a short time, whereby they can earn money while training, through the installation and servicing of electric ice boxes;

4. From representing, directly or indirectly, that respondent has made arrangements with various firms, by which said firms will employ students who have concluded any course of instruction sold by it and give them permanent positions, or that respondent will do so.

*It is further ordered,* That the respondent shall, within 60 days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order to cease and desist as hereinabove set forth.

IN THE MATTER OF  
CHASE CANDY COMPANY

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

*Docket 2562. Complaint, Sept. 27, 1935—Decision, Nov. 7, 1936*

Where a corporation, engaged in manufacture and sale of candy, including both "straight goods" and "draw" or "deal" assortments, in which, as case might be, (1) number disclosed by chance on push card included, by penny purchaser, decided whether such purchaser received for his penny one of the small pieces of candy in the assortment, one of the larger pieces, or a still larger piece or bar; and (2) number thus disclosed on a push card, likewise included with such second assortment, by 5¢ purchaser, by chance, determined whether such purchaser received for his 5¢ one, two, three, four, or five bars; with last purchase in case of both assortments receiving a further piece or package, respectively, without charge;

Sold said assortments, with cards, to retailers, wholesalers, and jobbers in certain States, knowingly assembled and packed for resale, without alteration, addition, or rearrangement, to the consuming, purchasing public, by lot or chance by retailers, which, as sellers of its said candy, included grocery and candy stores, stores in vicinity of schools, and drug stores, and stores of which, in case of small establishments, are frequently near schools and attract trade of school children, substantial proportion of whom constitute the consumers of the lottery or prize package candy, and who, given choice, purchase same in preference to "straight" goods because of lottery or gambling feature connected therewith, and chance of becoming a winner, and sale of which "straight" goods candy showed a marked decrease whenever and wherever lottery or prize candy appeared in its markets by reason of said gambling feature connected therewith;

With result that many competitors dealing in "straight goods" candy only, and who regard sale and distribution of other as morally bad and as encouraging gambling, and especially among children, its largest class, by far, of consumer-purchasers, and as injurious to the industry in merchandising, instead of candy, a chance or lottery, and as providing retail merchants with means of violating the laws of the States, and refuse to sell candy so packed and assembled that it can be resold to public by lot or chance, were put to a disadvantage, retailers bought from it and others employing similar methods of sale as enabling them to sell more candy, and trade was diverted to it and such others from aforesaid competitors dealing in "straight goods," and able to compete on even terms only by giving same or similar devices to retailers, sale of such refusing competitors' "straight goods" candy showed continued decrease, some competitors began sale and distribution of candy to public by lot or chance to meet constant demand for candy thus sold, public and competitors