

IN THE MATTER OF
LASALLE EXTENSION UNIVERSITY

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

Docket 2654. Complaint, Dec. 11, 1935—Decision, May 19, 1937

Where a corporation, long since organized, and in business, for profit, and which (1) conducted a school for vocational training, principally, by both correspondence and classroom plans, (2) as thus engaged, offered correspondence courses, its chief concern and interest, in a large number of subjects falling, primarily, within the divisions of law and business management and accountancy, (3) sold or supplied, as incident thereto, textbooks, used to some extent by a large number of schools, colleges and universities, prepared by it and also for it by others, (4) advertised its said courses in business magazines, trade journals, and other periodicals of wide interstate circulation, and also extensively in the lower priced so-called "pulp" magazines, and solicited purchasers therefor through some 300 so-called "Registrars" on commission basis, (5) had no entrance requirements other than competency to master the courses, (6) conferred no degree other than that in its law course, and gave no courses leading to graduate degrees or available for credit for such degrees upon transfer of the student to college or university offering the same, and (7) in connection with its classroom courses provided no facilities for its pupils other than said classrooms—

Represented, through use of term "Extension University" in its corporate name and in its advertising literature, that it conducted a university or extension university, notwithstanding fact it was not a university and did not possess the qualities and attributes considered by educators and members of the public generally as requisites for an institution to make it such or to entitle it thus to be designated, such as being an institution (1) of higher learning with a nucleus of a college of arts and sciences, with courses in such subjects as music, painting, architecture, literature, history, etc., and surrounded by a graduate school and one or more professional schools, and conferring academic and graduate and professional degrees, and with a faculty of learned persons acting as instructors in the various branches of instruction involved, as attested to a considerable extent by number of degrees earned, and (2) one not operated to make a profit from its educational operations that does not go entirely back into its funds for upkeep or expansion, or engaged in securing registrations through paid salesmen, and (3) with, as a rule, dormitories, laboratories and research facilities, and with students already adequately trained by previous study in colleges of arts and sciences leading into special fields of learning through study and seminar and laboratory instruction and research work, and notwithstanding fact it was not engaged in extension activities of a university, as indicated by said word;

With tendency and capacity to create in the minds of a part of the public, and especially those interested in obtaining education by correspondence courses, an erroneous and mistaken conception and belief as to its true character

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and nature and that of its courses of instruction, and to cause various persons to enroll as pupils with it and to subscribe to its textbooks and courses in the mistaken and erroneous belief that it was a university and possessed the attributes hereinabove indicated, and with effect of causing prospective pupils to purchase its said courses and textbooks in preference to those sold by similar institutions which do not make use of word "university" in their corporate name or otherwise, and of diverting trade to it from its said competitors which do not make similar misuse of term "extension university" or word "university", and also from recognized colleges and universities which operate and maintain extension divisions or departments offering correspondence courses similar to those offered by it; to the injury of all said competitors in the sale and distribution of correspondence courses of instruction in commerce:

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

Before *Mr. W. W. Sheppard*, trial examiner.

Mr. John W. Hildrop for the Commission.

LaRochelle, Brooks & Walrath, of Chicago, Ill. and *Mr. George L. Schein* and *Mr. H. B. Cox*, of Washington, D. C., for respondent.

COMPLAINT

Pursuant to the provisions of an Act of Congress, approved September 26, 1914, and 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 the LaSalle Extension University, 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. The respondent, LaSalle Extension University, a corporation, is a corporation chartered and doing business under and by virtue of the laws of the State of Illinois, and with its principal place of business in the city of Chicago, State of Illinois. It is and has been for some time past engaged in conducting a school for vocational training on both the correspondence and residential plans, and in the selling and distribution of its courses of instruction on the subjects embraced in its curriculum, to wit, Business Management, Higher Accountancy, Traffic Management, Modern Salesmanship, Banking and Finance, Modern Business Correspondence, Credit and Collection Correspondence, Modern Foremanship, American Law and Procedure, Paper Salesman's Training, Railway Station Management, Industrial Management, Railway Accounting, Personnel Man-

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agement, Commercial Law, Telegraphy, Stenotyping, Elements of Accounting, Effective Speaking, Certified Public Accountancy Coaching, Business English and Commercial Spanish, in interstate commerce, and in the course and conduct of its business it sells and delivers to various persons in the several States of the United States other than Iowa courses and textbooks, causing same when sold to be shipped to the purchasers thereof into and through States of the United States other than Iowa.

PAR. 2. In the course and conduct of its business, respondent, LaSalle Extension University, a corporation, was and is in competition with other corporations, individuals, firms, and partnerships likewise engaged in the sale and distribution in interstate commerce of similar products.

PAR. 3. In the course and conduct of its business, respondent, LaSalle Extension University, a corporation, adopted as and for its corporate trade name the words, "LaSalle Extension University," which corporate and trade name so containing the words "Extension University" the said corporation has used and displayed and is still using and displaying in its advertisements and advertising matter, including catalogs, enrollment blanks, lesson papers, letterheads, and other printed matter; and in newspapers, magazines, trade journals, and other publications and periodicals having an interstate circulation. The said respondent, in advertising for pupils to enroll with it and subscribe to its courses, uses and displays its said corporate and trade name, "Extension University," and thereby induces various persons residing in various States of the United States other than Illinois, and in the District of Columbia, to enroll with respondent as a pupil and to subscribe and pay for the courses, textbooks, and correspondence composed of quizzes and answers on the subjects involved, provided and promulgated by respondent, which said courses, textbooks and correspondence composed of quizzes and answers on the subjects involved, are by respondent shipped and transported from its place of business in Chicago, Ill., into and through the various States of the United States other than Illinois and into the District of Columbia, to those various persons enrolling with respondent as pupils and subscribing to said courses.

The term and words "Extension University" are false and misleading in that they create in the minds of a part of the public, and especially those of the public who are interested in obtaining an education by correspondence courses, that respondent, LaSalle Extension University, is in truth and in fact a "University," which term is generally accepted and understood to mean an educational institution of higher learning, with power to confer degrees, with a faculty of

learned persons acting as instructors in various branches of learning, which include the liberal arts and sciences and one or more special branches of learning, such as theology, law, and medicine, when in truth and in fact the courses taught and sold in commerce by respondent, LaSalle Extension University, with the exception of that of law, do not constitute courses in liberal arts and sciences, nor can its instructors be considered a faculty of learned persons, and when in truth and in fact, while its charter from the State of Illinois gives it the right and power to confer degrees, no such degrees are by it conferred, with the exception of that of LL. B. in its law course.

The false, misleading, and deceptive practices as hereinbefore set out are to the prejudice of the public and have a tendency and capacity to and do induce various persons to enroll as pupils with respondent, LaSalle Extension University, a corporation, and to subscribe to the textbooks and courses sold by respondent, under the belief that respondent, LaSalle Extension University, a corporation, is a university, when in truth and in fact respondent is not a university; and such false, misleading and deceptive practices of respondent have the capacity to and do unfairly divert trade to respondent from its competitors who are engaged in a similar and like enterprise and business and who sell correspondence courses and textbooks in interstate commerce, without misrepresenting their true status, and who do not represent and hold themselves out as universities.

PAR. 4. The acts and things done as herein alleged by respondent are to the prejudice of the public and the competitors of the 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.

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 December 11, 1935 issued and served its complaint in this proceeding upon respondent LaSalle Extension University, 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, and the filing of respondent's answer thereto, testimony and other evidence in support of the allegations of said complaint were introduced by John W. Hildrop, attorney for the Commission, before W. W. Sheppard, an examiner of the Commis-

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sion theretofore duly designated by it, and in opposition to the allegations of the complaint by LaRoche, Brooks and Walrath, attorneys for the respondent; and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the preceeding regularly came on for final hearing before the Commission on the said complaint, the answer thereto, testimony and other evidence, briefs in support of the complaint and in opposition thereto, and the oral arguments of counsel aforesaid; 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 LaSalle Extension University is a corporation organized in 1908 and doing business under the laws of the State of Illinois. It was organized as a corporation for profit and it is now engaged in business for profit. Dividends are, from time to time, paid to its stockholders. Its principal place of business is located in the city of Chicago, State of Illinois. Since its organization, it has been engaged in conducting a school, principally for vocational training, by both correspondence and classroom plans and in the sale and distribution of its courses of instruction on the subjects embraced in its curriculum. When sales of its correspondence courses are made, respondent causes the textbooks, lesson and instruction material and other literature incident to said courses of instruction to be transported through the United States mail from its principal office in Chicago, Ill., to the purchasers thereof located at points in every State of the United States and also in Canada and many other foreign countries. The average annual number of persons purchasing and subscribing to its correspondence courses of instruction is approximately 25,000. Approximately one-fifth of its students have not had a high school education prior to purchasing its course of instruction.

Respondent, in the sale and distribution of correspondence courses of instruction, has been since its incorporation and is now, engaged in substantial competition with other corporations and with copartnerships and individual likewise engaged in the sale and distribution in commerce among and between the several States of the United States of similar correspondence courses of instruction. Some of such competitors are extension divisions or departments of well-known and long recognized universities of high standing. Others of said competitors are corporations, partnerships, or individuals engaged solely

in the sale and distribution in interstate commerce of correspondence courses of instruction and are not in any way connected with any university. Some of such last named competitors also conduct schools of classroom instructions similar to those conducted by the respondent herein.

PAR. 2. In order to obtain purchasers for its various courses of instruction, the respondent maintains a staff of approximately 300 representatives designated as "Registrars." These representatives work on a commission basis and are paid in proportion to the number of orders they obtain. Some of them live in the community where they work and some of them travel throughout the country in various states explaining respondent's courses of instruction and securing orders for the purchase of said courses. Approximately one-third of respondent's pupils are secured in this matter. Prices for the various courses which respondent sells range from \$25.00 for the simpler courses to \$198.50 for other courses.

The only requirement necessary for pupils to enter its various courses of instruction is competency to master the courses. In order to obtain a degree in the Law course, a person enrolling and purchasing the course must have at least a high school education or its equivalent based on the same standards as required by any other institution. Approximately 20% of the persons purchasing respondent's courses have previously attended college to some extent.

Since its incorporation in 1908, the respondent has continually used the term or words "Extension University" in its corporate name and in all of its advertising literature. Respondent obtains a large number of pupils who subscribe to its various correspondence courses through advertisements inserted in business magazines, trade journals, and other periodicals having a wide interstate circulation such as American Magazine, Cosmopolitan, Red Book, Review of Reviews, Saturday Evening Post, Literary Digest, Collier's, Christian Science Monitor, Nation's Business and Traffic World. It also advertises extensively in the lower-priced magazines generally referred to as "pulp" magazines. Respondent has a very strict control over the placement of its advertising and approves every advertisement before it is issued. In its advertisements, various appeals are made for the purpose of securing the enrollment of pupils and the sale of its correspondence courses. Illustrative of such statements appearing in its advertisements are the following:

Right now in many lines, there is a search for really good men, managers, leaders, men who can take charge of departments, businesses, branch offices, and set things humming.

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Home Study Accountancy Training. Accountants command big incomes. Thousands needed. About 12,000 certified public accountants in the United States. Many earn \$3,000 to \$20,000. We train you thoroughly.

Are you, too, up against life's big question—How can I make more money? Study Law at home. Regularly trained men to win high positions and big success in business. Be independent. Greater opportunities now than ever before. Big income, \$3,000 to \$10,000 annually.

A coupon to be clipped by the individuals reading the advertisements and sent in to LaSalle Extension University for further information relative to its courses of instruction is included in said advertisements. Approximately one-third of respondent's pupils are secured in this manner. Its advertising expense is approximately \$225,000 per year.

PAR. 3. When it entered into business in 1908, respondent started with a course in Business Management. The Law course was developed shortly thereafter. Further courses of instruction, almost exclusively in the field of Business Management, Accountancy, Salesmanship and Transportation, have been added from time to time. The correspondence courses of instruction now offered for sale and sold by the respondent in commerce as herein set out are the following:

Business Management	Department Store Accounting
Traffic Management	Public Utility Accounting
Modern Salesmanship	Fire Insurance Accounting
Commercial Law	Construction Company Accounting
Modern Business Correspondence	Bank Accounting & Records
Industrial Management	Bookkeeping Practice
Railway Accounting	Electrical Household Appliance Sales-
Law	manship
Banking & Finance	Automobile Salesmanship
Personnel Management	Retail Salesmanship
Modern Foremanship	Commercial and Industrial Lighting
Railway Station Management	Salesmanship
Credit & Collection Correspondence	Organizing a Business
Effective Speaking	Basic Salesmanship
Business English	Principles of Profitable Management
Stenotypy	Psychology in Business
Stenotypy Teaching Normal Training	Selling and Sales Management
Practical Accounting and Office Practice	Advertising and Marketing
Office Organization and Management	Principles of Production
Higher Accountancy	Financing a Business
Elements of Accounting Practice	Credits and Collections
C. P. A. Coaching	Managing Men
Basic Accounting	Accounting and Statistical Control
Principles of Accounting Practice	Business Correspondence
Cost Accounting Procedure	Organization and Reorganization
Auditing Procedure	Better Letters
Accounting Systems, Their Design &	Industrial Traffic Field
Installation	Railroad Traffic Organization and Man-
Federal Income Tax Procedure	agement

Traffic Geography	Government Regulatory Bodies
Railroad Freight Classification	Railroad Freight Rate Structures
Railroad Freight Rates and Tariffs	Preparation of Rate Cases
Railroad Freight Tariff Guide	Grounds of Proof and Procedure Before the Commission
Railroad Overcharge Claims	Service Station Salesmanship
Shipping Freight by Rail	Mechanical Stoker Salesmanship
Marketing Transportation Services	Home Lighting Salesmanship
Industrial Transportation Facilities	Paper Trade Salesmanship
Shipping by Mail and Express	Retail Automobile Sales Management
Foreign Trade Traffic Management	Motor Truck Salesmanship
Transportation Law	Service Station Management
Interstate Commerce Act	

The respondent has prepared and published textbooks for use in connection with many of its courses of instruction. During the two years preceding the date of the hearings in this case, approximately 40 colleges and universities had, for the first time, adopted respondent's textbooks. The textbooks adopted by a substantial majority of these institutions are those dealing with auditing procedure and accounting systems. Such universities as the University of Pittsburgh, Yale University, University of Southern California, University of Illinois, Oklahoma A. & M. University, University of Alabama and Northwestern University use respondent's textbooks as a basis for vocational courses dealing with various phases of railroad and common carrier transportation such as railroad tariffs, rate structures and regulation of public carriers. The various textbooks used in the full three-year Law course were not prepared or edited by the respondent or any member of its faculty. Respondent's textbooks are used to some extent by approximately 400 schools, colleges and universities throughout the United States. Its textbooks so used by other schools and by colleges and universities throughout the United States are limited almost exclusively to textbooks dealing with auditing procedure, accounting systems and business management. In the majority of instances where the college and university have adopted respondent's textbooks for use in connection with their various courses of instruction, it is found that such institutions not only offer courses based on respondent's courses, but offer other allied courses which are not based on respondent's textbooks and do not correspond to respondent's courses.

PAR. 4. Respondent's faculty consists of 35 professors and instructors. Only one of these has a Doctor's degree, that of Juris Doctor. Five of them have various Master's degrees. The remainder hold various Bachelor's degrees. Some of them also are certified public accountants. The respondent also employs approximately 385 people in its Chicago offices who devote varying portions of their time

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to respondent's work. These assistants send out the lessons, handle the general correspondence and service for the correspondence students and grade the papers of such students. The instructors and professors have nothing to do with the details of this work. They give general supervision to the work and handle special problems submitted by students. The professors and instructors primarily devote their efforts towards instruction in the classes held in Chicago and to general supervision. The actual grading of these lessons is principally done by the assistants employed for this specific purpose. The research work done by respondent's staff is limited to the fields of auditing procedure, accounting systems, business management and salesmanship and the development of new courses of instruction in those fields.

Respondent does not offer any courses dealing with Physical Sciences, Philosophy, Psychology (except Business Psychology), Art, Music, Classical Languages or Modern Languages (except Commercial Spanish). The only degree it confers is the LL. B conferred upon the graduates of its Law department. Since its organization, approximately 1,400 persons have obtained its LL. B degree. Approximately 1,000 of these have been admitted to the bar in various states. It has never conferred any of the other degrees that are conferred by universities such as, A. B., B. S., M. A., or Ph. D, and has not given any courses leading to graduate degrees or that can be used for credit for graduate degrees upon transfer of the student to a college or university offering graduate degrees.

The course of instruction leading to the degree of LL. B. is not given by classroom instruction. The only Law course given by classroom instruction is that of Business Law. Pupils cannot obtain respondent's LL. B. degree by attending the classroom instructions in Chicago.

Approximately 600 persons residing in the city of Chicago attend respondent's classroom instruction courses. These courses are conducted in premises having classroom facilities in the Loop District in the city of Chicago. Respondent's activities are primarily centered around the correspondence school which it maintains and its principal income is derived from its correspondence school. Its interests in the courses of instruction offered on the classroom plan is secondary. In addition to the 35 members of the faculty holding degrees, some of whom teach in the classroom courses, there are also 17 other assistants, some of whom do not hold degrees, teaching in the classroom courses.

Respondent maintains no facilities for its pupils other than classrooms for those pursuing classroom instruction. It does not maintain dormitories or meeting rooms for its pupils and does not maintain

laboratories or research facilities for use by its students. It neither provides nor sponsors extra-curricular activities for its students. Its students purchasing the correspondence courses of instruction have no opportunity to confer with the members of respondent's staff except through correspondence and none of respondent's students have opportunities to engage in laboratory or research work under the guidance and supervision of respondent's instructors.

PAR. 5. The quality, character and extent of extension teaching is governed primarily by the activities of two national associations. One association is the National University Extension Association. It is composed of 48 well-known and long-recognized universities and colleges which, as an adjunct to their primary residence teaching, conduct extension teaching. The respondent is not a member of this association and is not eligible for membership therein. The other association is the National Home Study Council. The membership of this organization is made up of approximately 50 institutions engaged solely or primarily in the sale of correspondence courses of instruction and in teaching pupils through the correspondence plan. The respondent is a member of this association.

There is also an association known as the North Central Association, the membership of which is made up of many schools, colleges and universities. This association is probably the leading unit in this country for establishing and maintaining standards for accrediting students. Respondent is not a member of this association and prior to 1934, was not eligible for membership. Since 1934, the rules have been broadened and it is not now known whether respondent is eligible for membership. Respondent has not made application for membership therein.

PAR. 6. Universities do not all possess identical physical equipment, curriculum or faculty and it is not necessary that they do so. Over a period of many years, there has grown up a belief and understanding among educators and among the public generally as to the requisite characteristics necessary to be possessed by any institution to entitle it to be considered a university. A university must be an institution of higher learning. It must have a nucleus of a college of arts and sciences and must be surrounded by a graduate school and one or more professional schools. Its courses in the college of arts and sciences must generally include such subjects as music, painting, sculpture, architecture, literature, ancient languages, history, psychology, mathematics, philosophy and natural and biological sciences. It must confer academic degrees such as B. A. and B. S. It must have a faculty of learned persons acting as instructors in the various branches of learning in which it gives instruction. To a

considerable extent, the qualifications of such instructors to teach their respective courses is determined by the number of degrees that they have earned by attendance at colleges and universities, both in the college of arts and sciences and in graduate or professional colleges. A university must also confer graduate and professional degrees such as M. A., M. S., Ph. D., M. D., and J. D. upon students completing such specified courses of graduate study. In order to complete work for graduate and professional degrees, laboratories, museums, libraries, and a staff of specialized instructors with graduate and professional degrees to supervise and direct the work must be personally available to the students.

A university, even when it is not a state owned institution, is considered to be an institution interested solely in the greatest possible advancement and dissemination of learning and knowledge. It does not make a profit from its educational operations that does not go entirely back into the funds of the university for up-keep or expansion. A university is not organized for private profit of the owners of its stock and it does not sell its stock or pay dividends thereon. A university does not secure registration of students through the medium of a corps of salesmen who are paid on a commission basis. In a university, students already adequately trained by previous study in colleges of arts and sciences are lead into special fields of learning through study, seminar instruction, research work and laboratory instruction. A university generally maintains dormitories or meeting rooms for its pupils. It always maintains laboratories and research facilities for use by the students and sponsors extra-curricular activities for its students. An institution selling correspondence courses on business subjects such as Business Management and Accounting, even though it also provides courses in one profession such as Law, cannot be considered a university.

PAR. 7. While the respondent gives a total of 77 courses, all of its courses fall primarily within the divisions of Law, Business Management and Accountancy. The range of the courses provided by the respondent, being limited to Law, Business Management and Accountancy, does not cover a sufficiently broad field to be comparable to the range of courses in many various subjects offered by a university, as referred to in the first sub-paragraph of paragraphs 6 and 9. Many universities have either a separate school or college of Law or Business Administration or offer a number of courses in Accountancy. The total number of such courses offered by any of such universities, however, is in all cases small compared to the total number of courses on various subjects offered by said universities as a whole. Such other universities in many cases give courses similar to respondent's courses

and in some instances, such courses are based on the textbooks published by respondent. Such universities, however, do not maintain a school or college of Law and a school or college of Business Administration without also maintaining the other above mentioned requirements necessary to constitute them universities.

PAR. 8. From the testimony of noted and outstanding educators and from the facts hereinabove set out, it is found that the respondent is not a university and it does not possess the qualities and attributes considered by educators and members of the public generally as requisites necessary to be possessed by an institution to make it a university or to entitle it to be designated as a university. Respondent is not in any way connected or affiliated with any university or college.

PAR. 9. Many universities maintain extension departments or divisions with large enrollments in which the same courses of instruction are offered as are offered in the regular university sessions. These courses are generally taught by the same professors who teach the courses in the university proper. For example, the Home Study Correspondence Courses offered by the University of Chicago embrace such subjects as the biological sciences, the humanities, physical sciences, social sciences, anthropology, ancient and medieval arts, projective geometry, astronomy, botany, oriental languages, chemistry, finance, psychology and modern languages.

Other institutions, such as International Correspondence School, teach their courses of instruction by correspondence entirely. They obtain their pupils by advertising and by solicitation through a field organization. In many instances, their courses of instruction are similar to those of the respondent. The International Correspondence School publishes its own textbooks and also sells its books to some 400 schools, colleges and universities throughout the country and in 1935, had an enrollment of 42,000 students in the United States and Canada. The courses of instruction offered by respondent and International Correspondence School are very similar in the main though the International Correspondence School does not offer any courses in Law or in a few of the other subjects in which the respondent offers courses. Such institutions do not use the word "University" in their corporate name or in any of their advertising literature and in no way represent that they are universities or are conducting an extension division or department of a university.

PAR. 10. The use of the word "Extension" preceding the word "University" in respondent's corporate name and in all of its advertising literature, does not change or limit the characteristics and attributes generally understood as necessary to entitle an institution

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to be designated as a university. In fact, it indicates a broadening and enlargement of the scope of the activities of an institution which is a university. Under these circumstances, the use of the word "Extension" means bringing to the people outside of the so-called walls of the university the advantages of whatever the particular university may have to offer in its program and thus making the institution available to those who cannot make use of its opportunities under the normal circumstances in residence.

PAR. 11. The use, in its corporate name and otherwise, of the term "Extension University" or the word "University" on the part of the respondent, creates and has the tendency and capacity to create in the minds of a part of the public, especially those who are interested in obtaining an education by correspondence courses, an erroneous and mistaken conception and belief as to the true character and nature of the respondent institution and its courses of instruction.

The use of the term "Extension University" or the word "University" in respondent's corporate name and otherwise, has the tendency and capacity to cause various persons to enroll as pupils with respondent La Salle Extension University and to subscribe to its textbooks and courses of instruction under the mistaken and erroneous belief that said respondent is a university and that it possesses the attributes hereinabove mentioned which are generally considered as being those possessed by a university. As a result, the use of the term "Extension University" or the word "University" in respondent's corporate name and otherwise, has the tendency, capacity and effect of causing prospective pupils to purchase its courses of instruction and textbooks in preference to the courses of instruction and textbooks sold by similar institutions which do not make use of the word "University" in their corporate name or in any other manner. In consequence, trade has been diverted to the respondent LaSalle Extension University from its competitors which do not make similar misuse of the term "Extension University" or the word "University" and also from recognized colleges and universities which operate and maintain extension divisions or departments offering correspondence courses similar to those offered by respondent, to the injury of all of said competitors in the sale and distribution of correspondence courses of instruction in commerce among and between the various States of the United States.

CONCLUSION

The aforesaid acts and practices of the respondent, LaSalle Extension University, are to the prejudice of the public and of respond-

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ent's competitors, 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."

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent, testimony and evidence taken before W. W. Sheppard, an examiner of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, briefs filed herein, and oral arguments by John W. Hildrop, counsel for the Commission, and by LaRochelle, Brooks and Walrath, counsel for the respondent, and the Commission having made its findings as to the facts and its conclusion that said 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."

It is ordered, That the respondent LaSalle Extension University, its officers, representatives, agents, and employees, in connection with the offering for sale, sale and distribution of correspondence courses of instruction in interstate commerce or in the District of Columbia, do forthwith cease and desist from:

Representing, directly or indirectly, through the use of the term "Extension University" or the word "University" in its corporate name, or in any other manner, that it is, or that it conducts, a university or an extension university.

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.

IN THE MATTER OF
HIRSCH DISTILLING COMPANY

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

Docket 2466. Complaint, June 27, 1935—Decision, May 20, 1937

Where a corporation engaged, as wholesaler and rectifier of spirituous liquors, in purchasing, rectifying, blending, and bottling whiskies, gins, cordials, brandies, and other alcoholic beverages, and in producing gin with still used therefor, by redistillation of purchased alcohol, not produced by it, over juniper berries and other aromatics, and in producing by similar process of redistillation certain of its cordials and brandies, and in selling its aforesaid various products to wholesalers and retailers in other States and in the District of Columbia, in substantial competition with those engaged in the manufacture by true distillation of whiskies, gins, and other alcoholic beverages from mash, wort, or wash, and in selling same in trade and commerce among the various States and in said District, and with those engaged in purchasing, rectifying, blending, and bottling such various beverages and similarly selling same, and including among said competitors those who, as manufacturers and distillers, by original and continuous distillation from mash, wort, or wash, through continuous closed pipes and vessels until manufacture is complete, of whiskies, gins, and other spirituous beverages sold by them, truthfully use words "distillery," "distilleries," "distillers," or "distilling" as a part of their corporate or trade names and on their stationery and catalogs and on the labels of the bottles in which they sell and ship their said products, and those who, engaged in purchasing, rectifying, blending, bottling, and selling such various products, do not use aforesaid words as above set forth—

Represented, through use of word "Distilling" in its corporate name, printed on its stationery and catalogs and on the labels attached to the bottles in which it sold and shipped its said products, and in various other ways, to its customers and furnished same with the means of representing to their vendees, both retailers and ultimate consuming public, that it was a distiller and the said whiskies, gins, cordials, brandies, and other alcoholic beverages contained in such bottles were by it made through process of distillation as aforesaid, notwithstanding fact it did not thus distill said various beverages, thus bottled, labeled, sold, and transported by it, through aforesaid process of original and continuous distillation, as definitely understood from word "distilling" when used in connection with liquor industry and products thereof by the trade and ultimate purchasing public, and, excepting technical and limited operation for intervals of a day or more of distillery leased by it for producing portion of its distilled spirits requirements, did not own, operate, or control any place or places where such beverages are made by aforesaid process, and was not a distiller, for the purchase of the bottled liquors of which there is a preference on the part of a substantial portion of the purchasing public;

With effect of misleading and deceiving dealers and purchasing public into the beliefs that it was a distiller and that the whiskies, gins, and other