

Syllabus

IN THE MATTER OF

STANDARD EDUCATION SOCIETY, STANDARD ENCYCLOPEDIA CORPORATION, AND H. M. STANFORD, W. H. WARD, AND A. J. GREENER, INDIVIDUALLY AND AS OFFICERS, ETC., OF SAID CORPORATIONS

MODIFIED CEASE AND DESIST ORDER

Docket 1574. Order, Mar. 28, 1940

Modified order, pursuant to provisions of Subsections (h) to (k), inclusive, of section 5 of the Federal Trade Commission Act, in proceeding in question in which (1) original order issued on December 24, 1931, 16 F. T. C. 1, and in which (2) the Circuit Court of Appeals for the Second Circuit, on December 14, 1936, in *Federal Trade Commission v. Standard Education Society, et al.*, 86 F. (2d) 692, 24 F. T. C. 1591, handed down its opinion and decision, reversing, in part, and modifying and affirming in part, Commission's order, and on December 21, 1936 rendered its decree, modifying, as above indicated, Commission's order; (3) Supreme Court of the United States on November 8, 1937, in 302 U. S. 112, 25 F. T. C. 1715, reversed said decree of Circuit Court of Appeals, modifying in certain respects Commission's order to cease and desist, excepting modification of Clause 10 of such order (relating to offer and sale of course as a "Special Introductory Enrollment"), and issued its mandate remanding case to said Court of Appeals for further proceeding in conformity with opinion in question; and in which (4) court of appeals in question on December 10, 1937, ordered that such decision of Supreme Court be made its decision, and on May 20, 1938 in *Federal Trade Commission v. Standard Education Society, et al.*, 26 F. T. C. 1524¹ resettled its aforesaid order of December 10, 1937, and issued its final decree in conformity with aforesaid mandate of the Supreme Court—

- (a) Requiring respondent corporations and respondents Stanford, Ward and Greener, and each of them, their officers, etc., in connection with offer for sale of any books or set of books or publications in commerce among the several States or in the District of Columbia, to cease and desist from advertising or representing in any manner, when such is not the fact, (1) to purchasers or prospective purchasers, that any books or set of books offered or sold by them will be given free of cost to such purchasers or prospective purchasers; (2) that a certain number of sets or any set offered and sold as aforesaid has been reserved to be given away free of cost to selected persons as means of advertising, or for any other purpose; (3) that purchasers or prospective purchasers of their publications are only buying or paying for loose-leaf supplements to keep books up to date for a period of 10 years; and (4) that their publication is a recently completed, new and up to date encyclopedia; and from (5) selling or offering any set of books of same text and content material under more than one name or title; and from (6) advertising, etc., as above set forth, that usual price at which their publications are sold is higher than that at which they are offered

¹Decree in question, which Court in decision on June 13, 1938, 97 F. (2d), 513, 27 F. T. C. 1680, declined to modify, is not reported in Federal Reporter.

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in such advertisements or representations; or advertising or representing (7) any person as contributor to or editor of any set of books or publications who has not performed services in connection therewith as below specified, and consented that he may be held out to public as contributor, editor, or assistant editor; or (8) that any person has given testimonials or recommendations for and concerning their said publications when such is not the fact; and from (9) publishing or causing to be published and circulated such testimonials or recommendations allegedly made by any person when they have not thus been made; and

- (b) Requiring respondent Standard Education Society and respondents Stanford, Ward, and Greener, and each of them, their officers, etc., in connection with the offer for sale of any home study course of instruction in commerce among the several States or in the District of Columbia, to cease and desist from advertising or representing in any manner to purchasers or prospective purchasers that the course of instruction is offered for sale and sold to the purchasers or prospective purchasers at a specially reduced price, when such is not the fact.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission and it appearing that on December 24, 1931 the Commission made its findings as to the facts herein and concluded therefrom that respondents had violated the provisions of section 5 of the Federal Trade Commission Act and issued and subsequently served its order to cease and desist; and it further appearing that on November 8, 1937 the Supreme Court of the United States reversed the decree of the Circuit Court of Appeals for the Second Circuit rendered on December 21, 1936 modifying in certain respects the aforesaid order to cease and desist, except as to the modification of clause ten thereof, and issued its mandate remanding the case to said Circuit Court of Appeals for further proceedings in conformity with said opinion, and it still further appearing that on December 10, 1937 said Circuit Court of Appeals ordered that the aforesaid decision of the Supreme Court be made its decision and that said Circuit Court of Appeals on May 20, 1938 resettled its aforesaid order of December 10, 1937 and issued its final decree in conformity with the aforesaid mandate of the Supreme Court of the United States.

Now, therefore, Pursuant to the provisions of subsections (h) to (k), inclusive, of section 5 of the Federal Trade Commission Act, the Commission issues this its modified order to cease and desist in conformity with the aforesaid Court orders.

It is hereby ordered, That the respondents, Standard Education Society, a corporation; Standard Encyclopedia Corporation; H. M. Stanford; W. H. Ward; and A. J. Greener, and each of them, their officers, agents, representatives, and employees, in connection with the

offering for sale of any books, set of books, or publications in commerce among the several States of the United States or in the District of Columbia, cease and desist from:

1. Advertising or representing in any manner to purchasers or prospective purchasers that any books or set of books offered for sale and sold by them will be given free of cost to said purchasers or prospective purchasers, when such is not the fact.

2. Advertising or representing in any manner that a certain number of sets or any set of books offered for sale or sold by them has been reserved to be given away free of cost to selected persons as a means of advertising, or for any other purpose, when such is not the fact.

3. Advertising or representing in any manner that purchasers or prospective purchasers of respondents' publications are only buying or paying for loose-leaf supplements intended to keep the set of books up-to-date for a period of ten years, when such is not the fact.

4. Advertising or representing in any manner that respondents' publication is a recently completed, new, and up-to-date encyclopedia, when such is not the fact.

5. Selling or offering for sale any set of books of the same text and content material under more than one name or title.

6. Advertising or representing in any manner that the usual price at which respondents' publications are sold is higher than the price at which they are offered in such advertisements or representations, when such is not the fact.

7. Advertising or representing any person as a contributor to or editor of any set of books or publications who has not performed services in making or preparing contributions to or who has not performed services in the editing of such books or publication and consented that he may be held out to the public as a contributor or as an editor or assistant editor.

8. Advertising or representing that any person has given testimonials or recommendations for and concerning respondents' publications, when such is not the fact.

9. Publishing or causing to be published and circulated testimonials or recommendations of and concerning respondents' publications alleged to have been made by any person when such testimonials or recommendations have not been made by such person.

It is further ordered, That the respondents, Standard Education Society, a corporation, H. M. Stanford, W. H. Ward, and A. J. Greener, and each of them, their officers, agents, representatives, and employees, in connection with the offering for sale of any home study

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course of instruction in commerce among the several States of the United States or in the District of Columbia, do cease and desist from:

Advertising or representing in any manner to purchasers or prospective purchasers that the course of instruction is offered for sale and sold to the purchasers or prospective purchasers at a specially reduced price, when such is not the fact.

It is further ordered, That the respondents shall, within 30 days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

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IN THE MATTER OF
CALIFORNIA RICE INDUSTRY ET AL.

MODIFIED CEASE AND DESIST ORDER

Docket 3090. Order, Mar. 28, 1940

Modified order, pursuant to provisions of section 5 (i) of Federal Trade Commission Act, in proceeding in question, in which original order issued on March 26, 1938¹ and in which Circuit Court of Appeals for Ninth Circuit on March 17, 1939, in *California Rice Industry v. Federal Trade Commission*, 102 F. (2d) 716, 28 F. T. C. 1912, rendered its opinion and issued its decree modifying said order of Commission in certain particulars and affirming same in other particulars—

Requiring respondent, California Rice Industry, and other respondents as in said order below set forth, their successors, officers, etc., in connection with offer for sale, sale, and distribution of rice and rice products in commerce as defined in section 4 of the Federal Trade Commission Act, to cease and desist from doing and performing by agreement, combination or conspiracy between and among any two or more of them or with others the (1) fixing and maintaining uniform prices; or the (2) compiling, publishing and distributing any joint or uniform list or compilation of prices; or the (3) adopting any joint or uniform price list or other device which fixes prices; or the (4) discussing, through the medium of meetings of the California Rice Industry or its Marketing and Crop Boards, or in any similar manner, uniform prices, terms, discounts, agreements upon prices, by resolution or otherwise, or the employing any similar device which fixes or tends to fix prices, or which is designed to equalize or make uniform the selling prices, terms, discounts, or policies of respondent millers.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission and it appearing that on March 26, 1938 the Commission made its findings as to the facts herein and concluded therefrom that respondents had violated the provisions of section 5 of the Federal Trade Commission Act and issued and subsequently served its order to cease and desist; and it further appearing that on March 17, 1939, the United States Circuit Court of Appeals for the Ninth Circuit rendered its opinion and issued its decree modifying the aforesaid order of the Commission in certain particulars and affirming said order in other particulars;

Now, therefore, Pursuant to the provisions of subsection (i) of section 5 of the Federal Trade Commission Act, the Commission issues this its modified order to cease and desist in conformity with the said decree:

¹ 26 F. T. C. 968.