

IN THE MATTER OF
**LINCOLN ACADEMY, INC., ALSO TRADING AS PREPAR-
ATORY SERVICE BUREAU, ET AL.**

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

Docket 4703. Complaint, Feb. 5, 1942—Decision, June 16, 1942

Where a corporation and two individuals who were president and secretary thereof and controlled its activities, engaged in the interstate sale and distribution, through their agents, of correspondence courses intended to prepare students for civil service positions—

- (a) Represented that said corporation was an agency or representative of, or connected with, the United States Government or Civil Service Commission, and that a Government job was assured or guaranteed to students taking the courses offered; the facts being that neither such agents nor aforesaid individuals had any such connection and could not thus guarantee such jobs;
- (b) Represented that civil service examinations would be held at definite times and places or within a specified time at or near the home of the prospective student, and that their students would be notified of the time and place and would not be required to leave their homes in order to obtain Government jobs; the facts being neither they or anyone connected with the school had any advance knowledge of such examinations or any information to enable them to say that students would not be required to leave their homes to obtain such jobs;
- (c) Represented that the number of students who were permitted to take their courses was limited, as was the number enrolled in a certain locality and the time within which they might enroll; when in fact there were no such limitations;
- (d) Falsely represented that prospective students had been appointed to civil service jobs, that unpaid balances due on tuition at time of students' appointments to Government positions would be deducted from their pay checks by the Government; and that cards of inquiry signed by prospective students had been returned from Washington, and that such students had been selected by the Government for employment; and
- (e) Made use of words "Service Bureau" as a part of their corporate or trade name, thereby creating an erroneous impression of Government connection, and encouraging misrepresentations by their salesmen as aforesaid;

With effect of misleading and deceiving members of the public into the mistaken belief that the aforesaid representations were true, and thereby inducing them to purchase substantial quantities of said courses:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Mr. S. F. Rose for the Commission.

Mr. William Furst, of Newark, N. J., for respondents.

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COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Lincoln Academy, Inc., a corporation, doing business under its corporate name and also under the name of Preparatory Service Bureau, K. Arnold Freedman and Mrs. K. Arnold Freedman, also known as Miss R. E. Sims, individually, and as officers of Lincoln Academy, Inc., a corporation, hereinafter referred to as respondents, have violated the provisions of said act, and it appearing to the Commission that a proceeding by it in respect theretof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Lincoln Academy, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of New Jersey, and does business under its corporate name and also under the name of Preparatory Service Bureau, with its principal office and place of business located at 43 Lincoln Park, Newark, N. J. Said business was originally operated as a partnership under the name of Metropolitan Training Academy, later being incorporated under such name and in 1940 the corporate name was changed to Lincoln Academy, Inc.

Respondents, K. Arnold Freedman and Mrs. K. Arnold Freedman, are individuals, and are president and secretary, respectively, of respondent, Lincoln Academy, Inc., and as such manage, direct, and control its affairs and activities. The respondent, Mrs. K. Arnold Freedman, now the wife of respondent, K. Arnold Freedman, was formerly Miss R. E. Sims, and in carrying out the acts and practices herein alleged sometimes used her said former name. Each of the individual respondents have their address and place of business located at 43 Lincoln Park, Newark, N. J.

PAR. 2. Respondents are now, and have been for more than a year last past, engaged in the sale and distribution in commerce between and among the various States of the United States of courses of study and instruction intended for preparing students thereof for examinations for various civil service positions under the United States Government, which said courses are pursued principally by correspondence through the medium of the United States mails. Respondents cause and have caused their said courses of study and instruction to be transported from their said place of business in the State of New Jersey to the purchasers thereof located in various other States of the United States and in the District of Columbia.

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Respondents maintain, and at all times mentioned herein have maintained a course of trade in said courses of study and instruction in commerce between and among the several States of the United States and in the District of Columbia.

PAR. 3. The respondents make use of agents in soliciting and selling their courses of instruction. In the course and conduct of respondents' business, and for the purpose of selling such courses of instruction, respondents, through their agents, have made many false, misleading, and deceptive statements and representations to prospective purchasers with respect to said courses of instruction, and matters and things appertaining thereto. Among such statements and representations are the following:

1. That respondent corporation, in conducting said business aforesaid, is an agency or representative of or connected with the United States Government or the United States Civil Service Commission.

2. That a Government job is assured or guaranteed to students taking the courses offered.

3. That civil service examinations will be held at definite times and places or within a specified time at or near the home of the prospective student.

4. That students of the school conducted by respondents will be notified of the time and place civil service examinations are to be held.

5. That such representatives represent or are connected with or under the supervision of the United States Government or the United States Civil Service Commission.

6. That students of the school conducted by respondents will be able to obtain positions at or near their respective places of residence and will not be required to leave their homes in order to obtain Government jobs.

7. That respondents limit the number of students who take their courses of study.

8. That respondents limit the number of students to be enrolled in a certain locality.

9. That the time within which prospective students may enroll for respondents' courses of study is limited, and unless such student enrolled at once there would be no opportunity to do so again.

10. That the prospect interviewed has been appointed to a civil service job.

11. That any unpaid balance on the contract at the time of a student's appointment to a Government position would be deducted from the student's pay check by the Government.

12. That the card of inquiry signed by the prospective student and sent to respondents had been returned from Washington and that the prospective student's name was picked by the Government.

PAR. 4. All of said representations are false, misleading, and deceptive. In truth and in fact, neither the corporate or individual respondents, nor anyone connected with said school, have had or now have any connection whatever with the United States Government or with the United States Civil Service Commission. Respondents cannot and do not guarantee Government jobs to students taking the courses offered by respondents. Neither respondents nor anyone connected with said school had any advance knowledge in regard to the time or place of examinations conducted by the United States Civil Service Commission. Respondents have never had information or knowledge that enabled them to make statements that prospective students who took their said courses of study would not be required to leave their homes to obtain Government jobs. Respondents did not limit and do not now limit the number of students enrolled in any certain locality or otherwise, nor was the time within which a prospective student might enroll in respondents' school limited. Prospective students interviewed have not been appointed to Government positions as represented to them by respondents, nor could the respondents or their agents make any agreement binding on the Federal Government or any of its agencies in respect to a deduction from the salary of a prospective employee of the Government. The cards of inquiry signed by prospective students are not and never have been returned from Washington and no prospective student's name has been picked or selected by the Government or any department thereof.

PAR. 5. The use by the respondents of the words "Service Bureau" as a part of the trade name "Preparatory Service Bureau," when used in connection with the sale of correspondence courses intended for preparing students thereof for positions in the classified civil service under the United States Government are in themselves misleading and deceptive in that they serve to create an erroneous impression of Government connection and encourages misrepresentations by salesmen as aforesaid.

PAR. 6. The representations of respondents, as aforesaid, have had, and now have, the tendency and capacity to and do, confuse, mislead, and deceive members of the public into the erroneous and mistaken belief that such representations are true and to induce them to purchase substantial quantities of respondents' courses of study and instruction and pursue the same on account thereof.

PAR. 7. The aforesaid acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on the 5th day of February A. D. 1942, issued, and on February 6 A. D. 1942, served its complaint in this proceeding upon respondents, Lincoln Academy, Inc., a corporation trading under its corporate name and also as Preparatory Service Bureau; K. Arnold Freedman and Mrs. K. Arnold Freedman, also known as Miss R. E. Sims, individually, and as officers of Lincoln Academy, Inc., a corporation, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the issuance of said complaint and the filing of respondents' answer, the Commission, by order entered herein, granted respondents' motion for permission to withdraw said answer and to substitute therefor an answer admitting all the material allegations of fact set forth in said complaint, solely for the purpose of this proceeding, and waiving all intervening procedure and further hearing as to said facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and substitute answer, and the Commission, having duly considered the matter 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, Lincoln Academy, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New Jersey, and does business under its corporate name and also under the name of Preparatory Service Bureau, with its principal office and place of business located at 43 Lincoln Park, Newark, N. J. Said business was originally operated as a partnership under the name of Metropolitan Training Academy, later being incorporated under such name and in 1940 the corporate name was changed to Lincoln Academy, Inc.

Respondents, K. Arnold Freedman and Mrs. K. Arnold Freedman, are individuals, and are president and secretary, respectively, of re-

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spondent, Lincoln Academy, Inc., and as such manager, direct and control its affairs and activities. The respondent, Mrs. K. Arnold Freedman, now the wife of respondent, K. Arnold Freedman, was formerly Miss R. E. Sims, and in carrying out the acts and practices herein alleged sometimes uses her said former name. Each of the individual respondents have their address and place of business located at 43 Lincoln Park, Newark, N. J.

PAR. 2. Respondents are now, and have been for more than a year last past, engaged in the sale and distribution in commerce between and among the various States of the United States of courses of study and instruction intended for preparing students thereof for examinations for various civil service positions under the United States Government which said courses are pursued principally by correspondence through the medium of the United States mails. Respondents cause and have caused their said courses of study and instruction to be transported from their said place of business in the State of New Jersey to the purchasers thereof located in various other States of the United States and in the District of Columbia.

Respondents maintain, and at all times mentioned herein have maintained, a course of trade in said courses of study and instruction in commerce between and among the several States of the United States and in the District of Columbia.

PAR. 3. The respondents make use of agents in soliciting and selling their courses of instruction. In the course and conduct of respondents' business, and for the purpose of selling such courses of instruction, respondents, through their agents, have made many false, misleading, and deceptive statements and representations to prospective purchasers with respect to said courses of instruction, and matters and things appertaining thereto. Among such statements and representations are the following:

1. That respondent corporation, in conducting said business aforesaid, is an agency or representative of or connected with the United States Government or the United States Civil Service Commission.

2. That a Government job is assured or guaranteed to students taking the courses offered.

3. That civil service examinations will be held at definite times and places or within a specified time at or near the home of the prospective student.

4. That students of the school conducted by respondents will be notified of the time and place civil service examinations are to be held.

5. That such representatives represent or are connected with or under the supervision of the United States Government or the United States Civil Service Commission.

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6. That students of the school conducted by respondents will be able to obtain positions at or near their respective places of residence and will not be required to leave their homes in order to obtain Government jobs.

7. That respondents limit the number of students who take their courses of study.

8. That respondents limit the number of students to be enrolled in a certain locality.

9. That the time within which prospective students may enroll for respondents' courses of study is limited, and unless such student enrolled at once there would be no opportunity to do so again.

10. That the prospect interviewed has been appointed to a civil service job.

11. That any unpaid balance on the contract at the time of a student's appointment to a Government position would be deducted from the student's pay check by the Government.

12. That the card of inquiry signed by the prospective student and sent to respondents had been returned from Washington and that the prospective student's name was picked by the Government.

PAR. 4. All of said representations are false, misleading, and deceptive. In truth and in fact, neither the corporate or individual respondents, nor anyone connected with said school, have had or now have any connection whatever with the United States Government or with the United States Civil Service Commission. Respondents cannot and do not guarantee Government jobs to students taking the courses offered by respondents. Neither respondents nor anyone connected with said school had any advance knowledge in regard to the time or place of examinations conducted by the United States Civil Service Commission. Respondents have never had information or knowledge that enabled them to make statements that prospective students who took their said courses of study would not be required to leave their homes to obtain Government jobs. Respondents did not limit and do not now limit the number of students enrolled in any certain locality or otherwise, nor was the time within which a prospective student might enroll in respondents' school limited. Prospective students interviewed have not been appointed to Government positions as represented to them by respondents, nor could the respondents or their agents make any agreement binding on the Federal Government or any of its agencies in respect to a deduction from the salary of a prospective employee of the Government. The cards of inquiry signed by prospective students are not and never have been returned from Washington and no prospective student's name has been picked or selected by the Government or any department thereof.

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PAR. 5. The use by the respondents of the words "Service Bureau" as a part of the trade name, "Preparatory Service Bureau," when used in connection with the sale of correspondence courses intended for preparing students thereof for positions in the classified civil service under the United States Government are in themselves misleading and deceptive in that they serve to create an erroneous impression of Government connection and encourages misrepresentations by salesmen as aforesaid.

PAR. 6. The representations of respondents, as aforesaid, have had, and now have, the tendency and capacity to and do, confuse, mislead, and deceive members of the public into the erroneous and mistaken belief that such representations are true and to induce them to purchase substantial quantities of respondents' courses of study and instruction and pursue the same on account thereof.

CONCLUSION

The aforesaid acts and practices of the respondents, as herein found, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of respondents, in which answer respondents admit all the material allegations of fact set forth in said complaint, and state that they waive all intervening procedure and further hearing as to the said facts, and the Commission having made its findings as to the facts and conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Lincoln Academy, Inc., a corporation, when doing business under its own or any other name, its officers, agents, and employees; K. Arnold Freedman and Mrs. K. Arnold Freedman, individually, under such names or any other names, their representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of correspondence courses of study for civil service positions under the United States Government, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from, directly or by implication:

1. Representing that respondent corporation is an agency or representative of or connected with the United States Government or the United States Civil Service Commission.

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2. Representing that a Government job is assured or guaranteed to students taking the courses offered.

3. Representing that civil service examinations will be held at definite times and places or within a specified time at or near the homes of prospective students.

4. Representing that students will be notified of the time and place civil service examinations are to be held.

5. Representing that respondents' salesmen or representatives represent or are connected with or are under the supervision of the United States Government or the United States Civil Service Commission.

6. Representing that students will be able to obtain positions at or near their respective places of residence and will not be required to leave their homes in order to obtain Government jobs.

7. Representing that the number of students who are permitted to take courses of study are limited.

8. Representing that the number of students enrolled in a certain locality are limited.

9. Representing that the time within which prospective students may enroll is limited, and unless such students enroll at once there will be no opportunity to do so again.

10. Representing that prospective students have been appointed to a civil service job.

11. Representing that unpaid balances due on tuition at the time a student is appointed to a Government position will be deducted from the student's pay check by the Government.

12. Representing that cards of inquiry signed by prospective students and sent to respondents have been returned from Washington and that such prospective student has been selected by the Government for employment.

13. Using the words "Service Bureau" or any other words of similar import as a corporate or trade name, or a part thereof, or in any manner representing that respondents' business is a part of, is connected with, or is a branch, bureau or agency of the Government of the United States or the United States Civil Service Commission.

It is further ordered, That the respondents shall, within 60 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

SARA B. PLANT, TRADING AS CRAVEX COMPANY AND
PLANT PRODUCTS COMPANY, INC., ET AL.

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

Docket 3794. Complaint, Nov. 15, 1940—Decision, June 19, 1942

Where an individual, a corporation which she organized to carry on the business theretofore conducted by her, and her two children, officers of said corporation, engaged in the interstate sale and distribution of a medicinal preparation designated "Cravex"; by means of advertisements through the mails and otherwise, directly and indirectly—

Represented that their said "Cravex" was a competent and effective treatment for alcoholism, use of which would remove a craving for whiskey, beer, wine, or other alcoholic liquors and enable a person addicted to excessive drinking to discontinue use of such liquors, and made use of the word "relieve" to designate or describe the effect of their preparation upon an alcoholic;

The facts being that use of their said preparation does not constitute such treatment for alcoholism and will not accomplish results claimed therefor, its value lying only in the after-care or building treatment, following the obtaining of an aversion or stoppage of the use of such liquors, and an elimination of the toxins produced in the system by alcohol, and then only as part of a general tonic treatment; and psychological factor, regarded as more important than the physiological by physicians, was necessarily eliminated by use of said preparation secretly, as suggested;

With effect of misleading and deceiving a substantial portion of the purchasing public into the mistaken belief that said representations were true, and thereby inducing it to purchase their said preparation:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. Miles J. Furnas* and *Mr. Edward E. Reardon*, trial examiners.

Mr. Lynn C. Paulson, *Mr. D. E. Hoopingarner*, *Mr. William L. Pencke*, and *Mr. Merle P. Lyon* for the Commission.

Rosen, Francis & Cleveland, of Chicago, Ill., and *Mr. J. P. Cain*, of Santa Monica, Calif., for respondents.

AMENDED AND SUPPLEMENTAL COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission having reason to believe that Sara B. Plant, an individual, trading as Cravex Co., and Plant Products Co., Inc., a corporation, and its officers, James Plant and Sara B. Plant, named in