

FEDERAL TRADE COMMISSION DECISIONS

FINDINGS AND ORDERS, JANUARY 1, 1943, TO JUNE 30, 1943

IN THE MATTER OF

JOSEPH G. BRANCH INSTITUTE OF ENGINEERING AND SCIENCE

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

Docket 4708. Complaint, Feb. 13, 1942—Decision, Jan. 5, 1943

Where an individual engaged in competitive sale and distribution to purchasers in foreign nations of Spanish correspondence courses in numerous subjects, advertising his courses in newspapers in various Central and South American countries and making extensive use of letters, leaflets, circulars, catalogues, and other advertising material circulated by mail among prospective students or members of the public generally in such countries—

- (a) Represented directly or by implication through representations in such advertising that he had authority to confer degrees which were recognized by reputable and accredited colleges and universities and accepted generally in the academic and scientific world;
- (b) Represented through use of word "University" to refer to his school that the same was a university within the generally accepted meaning of the word, or an institution of higher learning with resident faculty of learned persons and a resident student body, and with properly equipped laboratories and libraries for the use of students and for the conduct of scientific research and experiment;

The facts being that said school was neither a university nor institution of higher learning of any kind; it had no entrance requirements, resident students library, or laboratory facilities, but was conducted from the residence in which said individual lived and which served also as his law office; there was only one other person connected with the school besides said individual who claimed to possess any advanced education; the other duties in connection with the school were performed by some six or eight Spanish or Mexican girls, none of whom had more than a high-school education and who were employed primarily as translators and clerical assistants, and at times assisted in the grading of lessons returned to the school by the students; said school enjoyed no official recognition of any nature; and his purported diplomas or degrees were worthless in the academic and scientific world;

- (c) Represented and implied, through referring to his school as an officially recognized university, that it had been investigated and approved by some appropriate agency of the United States Government or of some State, and that by reason thereof it had been and was officially recognized as an accredited university;

The facts being his claim of official recognition was based on a statement obtained by him from the superintendent of public instruction of Illinois which purported to give official recognition to the school and was issued provisionally,

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pending investigation and inspection; and notwithstanding subsequent letters from said superintendent revoking the former statement, expressly stating that the school was not recognized by his department and advising said individual that it had no authority to grant degrees, together with a note of caution as respects his correspondence or advertising in the aforesaid matter, he continued to make wide use of said statement in his advertising;

- (d) Falsely represented and implied, through use of the words "Institute of Engineering and Science" in his trade name, that such school was an institute within the generally accepted meaning of the term, or was established and maintained for the purpose of considering and studying engineering and scientific problems and conducting research, and that it had the necessary facilities and personnel to carry on the work of an institute;
- (e) To further the impression that said school and his diplomas and degrees enjoyed official recognition in the United States, engaged in the practice of attaching to such diplomas, written in Spanish, the certificates of notaries public and other public officials in English, such as (1) a certificate of a notary public of Cook County, Ill., to the effect that the persons whose names appeared upon a document purporting to confer the degree of Doctor of Laws, i. e., said individual as "President" and one M. J. Patrance, as "Secretary"—in fact, deceased—as well as a "registrar," had appeared before such notary and acknowledged that they executed the instrument, (2) certificate of the County Clerk of Cook County to the effect that said notary public was a notary public of said county, and (3) certificate of the Secretary of State of Illinois to the effect that the signer of the second certificate was in fact county clerk of Cook County;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public in Central and South American countries with respect to the character of said school and the value of said courses of study, and the purported diplomas and degrees conferred, and into belief that they were comparable to those, there highly valued, obtained from colleges and universities in the United States, and to cause it to purchase said courses of study as a result of such deception; whereby substantial trade was diverted unfairly to said individual from his competitors;

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

Before *Mr. John P. Bramhall*, trial examiner.

* *Mr. William L. Pencke* for the Commission.

Mr. Charles J. Tressler, of Chicago, Ill., for respondent.

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 Joseph G. Branch, an individual, trading as Joseph G. Branch Institute of Engineering and Science, hereinafter referred to as respondent, has violated the provisions of 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:

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PARAGRAPH 1. Respondent, Joseph G. Branch, is an individual, trading and doing business under the style and firm name of Joseph G. Branch Institute of Engineering and Science, with his office and principal place of business located at 3917 South Parkway, in the city of Chicago and State of Illinois. Respondent is the sole owner and formulates, controls, and directs the policies and practices of said business. Said respondent is now and for more than 5 years last past has been engaged in the sale and distribution in commerce between the State of Illinois and various foreign nations in Central and South America of courses of study and instruction in the arts, sciences, commerce, education, and numerous allied subjects which are pursued by correspondence. Respondent, in the course and conduct of said business, during the time aforesaid, caused and does now cause his said courses of study and instruction to be transported from his said place of business in the State of Illinois to the purchasers thereof located in said various foreign nations.

PAR. 2. There is now and has been at all times hereinafter mentioned a course of trade in said courses of instruction so sold and distributed by the respondent in commerce between the State of Illinois and said foreign nations.

There are other persons, firms, corporations, schools, and universities that have been and are engaged in offering for sale, selling, and transporting in commerce between and among the various States of the United States and with foreign nations, courses of study and instruction in the arts and sciences and general education, and respondent is engaged in substantial competition with such concerns in the sale of courses of study and instruction as herein set out.

PAR. 3. In the course and conduct of his business the respondent, by means of advertisements in newspapers published in various foreign countries and by letterheads, leaflets, circulars, catalogs and other advertising materials circulated by mail among prospective students or members of the public generally in such foreign countries, solicits the purchase of his courses of study and instruction. Said advertisements and representations are all printed and published in the Spanish language. Typical of such advertisements is the following:

Le	PROGRESE CON EL TIEMPO	Lo habilitaremos
ofrecemos		para un puesto
una		esplendido
carrera		blen retribuido.
	Aproveche Esta Oportunidad Grandiosa	
	Para Adquirir Un Titulo	

Inscribase en cualquiera de los cursos que a continuacion se enumeran; que le proporcionara una profesion magnifica y lucrativa, por una suma pagadera

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en abonos mensuales, y de la manera mas economica, obtendra una educacion brillante, en su propio hogar, sin interrumpir sus ocupaciones diarias.

Agricultura	Ing. Automovilista	Optometria
Agrimensura	Ing. Civil	Bachillerato
Arquitectura	Ing. Electrica	Economia Politica
Aviacion	Ing. Mecanica	Biologia
Dibujo mecanico	Ing. de Minas	Bacteriologia
Quimica Industrial	Ing. Petrolera	Comercio (Av)
Quimica Azucarera	Ing. Radiotelegrafica	Derecho
Electroterapia	Ing. Sanitaria	Farmacia
Odontologia	Pedagogia	Contabilidad
(Cirugia Dental)	Veterinaria	Filosofia
Metalurgia	Medicina	Inglés

Seis magnificos mapas anatomicos y bacteriologicos murales, en colores, con todos nuestros cursos científicos.

THE JOSEPH G. BRANCH INSTITUTE OF
ENGINEERING AND SCIENCE
FUNDADA EN 1910

3917 South Parkway, Chicago, U. S. A.

The English translation of this advertisement is substantially as follows:

PROGRESS WITH THE TIMES

We
offer you
a
career

We prepare you
for a splendid
well-paid position.

Profit By This Grand Opportunity For Acquiring A Degree

Enroll for any one of the courses enumerated below, that will prepare you for a great and lucrative profession, for a tuition that you will pay in monthly instalments, and in a most economical way, you will obtain a brilliant education in your own home, without interrupting your daily work.

Agriculture	Automotive Eng.	Optometry
Surveying	Civil Eng.	Speech
Architecture	Electric Eng.	Political Economy
Aviation	Mechanical Eng.	Biology
Mechanical Drawing	Mining Eng.	Bacteriology
Industrial Art	Oil Eng.	Commerce
Art	Radio Eng.	Law
Electricity	Sanitary Eng.	Pharmacy
Dentistry	Teaching	Music
(Dental Surgery)	Veterinary	Philosophy
Metallurgy	Medicine	English

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Six magnificent anatomical maps and bacteriological charts, in colors, with all of our scientific courses.

THE JOSEPH G. BRANCH INSTITUTE OF
ENGINEERING AND SCIENCE
FOUNDED IN 1910

3917 South Parkway, Chicago, U. S. A.

On leaflets, letterheads, and other advertising material appear, among others, the following statements and representations:

UNA EDUCACION UNIVERSITARIA EN SU PROPIO HOGAR

Nuestros cursos de estudio son los conocidos como CURSOS DE EXTENSION; es decir, que son exactamente iguales a los CURSOS PARA RESIDENTES de Chicago, así permitiendo a una persona obtener una educación universitaria en su propio hogar y a poco costo.

Para inscribirse en nuestra Universidad, no se requiere sabiduría especial, solo ENTUSIASMO y APLICACION a sus estudios.

OFICIALMENTE RECONOCIDA COMO UNIVERSIDAD ACREDITADA.

Universidad Oficialmente Reconocida.

The English translation of the foregoing representations is substantially as follows:

A University Education in Your Own Home.

Our courses of study are Known as EXTENSION COURSES: that is to say they are exactly like the COURSES for RESIDENTS in Chicago, thus enabling a person to obtain a university education in his own home and at little cost.

In order to register in our University, no special learning is required, only enthusiasm and application to one's studies.

Officially Recognized as an Accredited University.

Officially Recognized University.

PAR. 4. By means of the foregoing statements and representations and others of like tenor and effect, the respondent represents to the purchasing public that respondent has authority to confer academic degrees which are recognized by reputable accredited colleges and universities; that the various degrees so conferred are known to and accepted in the academic and scientific world. Through the use of the word university in said newspaper advertisements, leaflets, and letterheads, he further represents and implies that said school is an institution of higher learning with a resident faculty and other officers charged with the care and management of a resident student body; that there are available properly equipped laboratories and libraries for the use of students and the conduct of scientific research and experiments.

By representing that his school is officially recognized as an accredited university or is an officially recognized university, the respondent

infers and implies that his said school has been investigated, inspected and approved by some appropriate agency of the United States Government or some State or other political subdivision thereof, and that by reason of such investigation, inspection or approval, such school has been and is officially recognized as an accredited university or is a university operating under such official approval or sanction.

Respondent through the use of the words "Institute," "Engineering," and "Science" as part of his trade name represents or implies that his said business is a group or organization of engineers and scientists, established for the purpose of considering engineering and scientific problems, conducting researches and generally promoting the interests and welfare of its members; and that it has the necessary facilities and personnel to carry on the work of an institute.

PAR. 5. In truth and in fact respondent's business is a correspondence school organized and operated for the purpose of offering and selling correspondence courses to purchasers thereof in Central and South American countries. The alleged degrees conferred by respondent are not recognized by reputable accredited colleges and universities and are not accepted in the academic and scientific world. Respondent's business is not a university, which term is generally accepted and understood to mean an educational institution of higher learning with power to confer degrees and with a resident faculty of learned persons acting as instructors in the various branches of learning including the arts, sciences, medicine, and other branches of higher learning.

In truth and in fact respondent's school is not a university officially recognized nor is it officially recognized as an accredited university. Said school has never been approved or accredited by any governmental agency of the United States or some State or political subdivision thereof; nor has respondent ever been authorized to operate said school as a university, nor has said school ever been approved or designated as an accredited university by reason of any investigation, inspection, or approval by any governmental agency as aforesaid.

In truth and in fact, respondent's business is operated in his residence in the city of Chicago. There are no resident students, nor is there a resident faculty, nor any other officers or employees usually required in the operation of a university. There are no library or laboratory facilities for the use of the students and the carrying on of experimental or research work in connection with engineering, scientific, or any other subjects. The respondent has prepared and

compiled all lesson material and is assisted by several clerks in the distribution and grading of the lessons.

PAR. 6. The false, misleading, and deceptive practices as herein-after described in using the words "University" and "Institute" in the advertising and trade name of respondents; in representing and implying that respondent's business is an institution of higher learning with authority to confer degrees in the numerous academic and scientific subjects to be taught by him; or that his said business is an organization consisting of members in the scientific and engineering fields constituting an institute as that designation is usually understood, have a tendency to and do induce prospective purchasers to subscribe to and enroll for respondent's course of study in the erroneous and mistaken belief that the representations and statements of the respondent as herein set forth are true.

PAR. 7. There are among competitors of respondent, individuals, corporations, schools and universities who sell and distribute courses of study and instruction in the arts and sciences to purchasers thereof in Central and South American countries who truthfully represent their said courses of study and instruction.

PAR. 8. Each and all of the false and misleading statements and representations made by the respondents as hereinabove set out are calculated to and do have a tendency and capacity to lead a substantial portion of the purchasing public into the erroneous and mistaken belief that said representations are true; further, as a direct consequence of such mistaken and erroneous belief induced by the aforesaid acts and representations of respondent, a substantial number of the consuming public has purchased respondent's courses of instruction. As a result of said acts and practices, substantial trade in commerce has been unfairly diverted to the respondent from respondent's competitors in said commerce who do not misrepresent their courses of study and instruction to the injury of said competitors.

PAR. 9. The aforesaid acts and practices of respondent as herein alleged are all to the prejudice and injury of the public and of respondent's competitors and constitute unfair methods of competition in commerce and 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 February 13, 1942, issued and subsequently served its complaint in this proceeding upon the respondent, Joseph G. Branch, individually, and trading as Joseph G. Branch

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Institute of Engineering and Science, charging him with the use of unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of the provisions of that act. After the filing of respondent's answer, testimony and other evidence in support of the allegations of the complaint were introduced by the attorney for the Commission, and in opposition thereto by the attorney for the respondent, before a trial examiner of the Commission theretofore duly designated by it, and such testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission on the complaint, the answer thereto, testimony and other evidence, report of the trial examiner upon the evidence and the exceptions to such report, briefs in support of and in opposition to the complaint, and oral argument; 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. The respondent, Joseph G. Branch, is an individual, trading and doing business under the name Joseph G. Branch Institute of Engineering and Science, with his office and principal place of business located at 3917 South Parkway, Chicago, Ill. Respondent is now and for a number of years last past has been engaged in the sale and distribution, in commerce between the State of Illinois and various foreign nations in Central and South America, of courses of study in numerous subjects, such courses of study being pursued by correspondence.

In the course and conduct of his business respondent causes and has caused his courses of study, when sold, to be transported from his place of business in the State of Illinois to the purchasers thereof located in such foreign nations. Respondent maintains and has maintained a course of trade in his courses of study in commerce between the State of Illinois and such foreign nations.

PAR. 2. In the sale and distribution of his courses of study respondent is and has been in substantial competition with other individuals and with firms and corporations engaged in the sale and distribution, in commerce between various States of the United States and such foreign nations, of correspondence courses of study in the same or some of the same subjects as those taught by respondent.

PAR. 3. To induce the purchase of his courses of study respondent advertises extensively in newspapers published in various Central

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and South American countries, and respondent also makes extensive use of letters, leaflets, circulars, catalogs, and other advertising material which is circulated by mail among prospective students or members of the public generally in such countries. All of respondent's newspaper advertisements and other advertising material are printed and published in the Spanish language. Among and typical of respondent's newspaper advertisements is the following:

PROGRESE CON EL TIEMPO

LE OFRECEMOS
UNA CARRERA

LO HABILITAMOS
PARA UN PUESTO
ESPLENDIDO,
BIEN RETRIBUIDO

APROVECHE ESTA OPORTUNIDAD GRANDIOSA
PARA ADQUIRIR UN TITULO

EL JOSEPH G. BRANCH INSTITUTE OF ENGINEERING AND SCIENCE, de Chicago, U. S. A., fue fundado en 1910, contando hoy con miles de graduados en todo el mundo, muchos de los cuales han llegado a ser hombres distinguidos y de renombre en casi todas las profesiones.

Inscribase en cualquiera de los cursos que a continuacion se enumeran, que le proporcionara una profesion magnifica y lucrativa, por una suma pagadera en pequenos abonos mensuales y de la manera mas economica obtendra una educacion brillante, en su propio hogar, sin interrumpir sus ocupaciones diarias:

Agricultura	Finanzas	Medicina
Agrimensura	Ing. Radiotelegrafia-	Optometria
Arquitectura	Television	Bachillerato
Avacion	Ing. Automovillista	Economia Politica
Dibujo Mecanico	Ing. Civil	Biologia
Quimica Industrial	Ing. Electra	Bacteriologia
Quimica Azucarera	Ing. Mecanica	Comercio
Quimica Analitica	Ing. de Minas	Derecho
Industrial	Ing. Petrolera	Farmacacia
Electroterapia	Ing. Sanitaria	Contabilidad
Odontologia	Metalurgia	Filosofia
(Cirugia Dental)	Pedagogia	Inglés
Motores Diesel	Veterinaria	
Periodismo	Secretario Commercial	

TODOS NUESTROS CURSOS EN EL IDIOMA ESPANOL

GARANTIAS INIGUALABLES.—Los DIPLOMAS y TITULOS otorgados por esta benemerita Institucion son firmados y sellados por los oficiales de nuestra Universidad, atestados ante Notario Publico, certificados por el Tribunal del Condado y autentificados por el Secretario del Estado de Illinois, U. S. A. El

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valor inestimable de un Diploma o Titulo de nuestra Universidad se de EE. UU. para Curses de Extension (por correspondencia).

Magnificos obsequios en todas nuestros Cursos, de inestimable valor para el estudiante en sus estudios y para su profesion futura.

(Com. Ex. No. 5)

The English translation of this advertisement is substantially as follows:

PROGRESS WITH THE TIMES

WE OFFER YOU
A CAREER

WE WILL QUALIFY
YOU FOR A SPLENDID
POSITION WITH A
GOOD SALARY

TAKE ADVANTAGE OF THIS SPLENDID
OPPORTUNITY TO ACQUIRE A DEGREE

THE JOSEPH G. BRANCH INSTITUTE OF ENGINEERING AND SCIENCE, Chicago, U. S. A., was founded in 1910, having today thousands of graduates throughout the world, many of them having become distinguished men and prominent in all professions.

Enroll in any of our courses as listed below, which will furnish you a magnificent and lucrative profession, at a small sum payable monthly and in a most economical way obtain a brilliant education in your own home without interfering with your daily work.

Agriculture	Finances	Commercial Secretary
Surveying	Radio and Television	Medicine
Architecture	Eng.	Optometry
Aviation	Automotive Eng.	High School Education
Mechanical Eng.	Civil Eng.	Political Economy
Industrial Chemistry	Electrical Eng.	Biology
Sugar Chemistry	Mechanical Eng.	Bacteriology
Analytical Industrial Chemistry	Mining Eng.	Commerce
Electro-Therapy	Petroleum Eng.	Law
Dentistry	Sanitary Eng.	Pharmacy
(Dental Surgery)	Metallurgy	Bookkeeping
Diesel Engines	Education	Philosophy
Journalism	Veterinary Science	English

ALL OUR COURSES ARE IN THE SPANISH LANGUAGE

UNEQUALED GUARANTEES.—The DIPLOMAS and DEGREES awarded by this worthy Institute are signed and sealed by the officials of our Institute, acknowledged before a Notary Public, certified by the County Court Clerk and authenticated by the Secretary of the State of Illinois, U. S. A. The inestimable value of a diploma or degree from our Institute is shown by it being the only officially recognized University in accordance with the laws of United States for extension courses (by correspondence).

Magnificent presents in all our courses of study, of inestimable value to the student in his studies and future profession. (Com. Ex. No. 57A-B)

Among and typical of the statements and representations appearing in letters, leaflets, pamphlets and other advertising material used by respondent are the following:

UNIVERSIDAD OFICIALMENTE RECONOCIDA (Com. Ex. No. 8)

UNA EDUCACION UNIVERSITARIA EN SU PROPIO HOGAR

* * * * *

Nuestros cursos de estudio son los conocidos como CURSOS DE EXTENSION; es decir, que son exactamente iguales a los CURSOS PARA RESIDENTES de Chicago, así permitiendo a una persona obtener una educación universitaria en su propio hogar y a poco costo.

Para inscribirse en nuestra Universidad, no se requiere sabiduría especial, solo ENTUSIASMO y APLICACION a sus estudios. (Com. Ex. No. 9)

The English translation of these representations is substantially as follows:

OFFICIALLY RECOGNIZED UNIVERSITY (Com. Ex. No. 58A)

A UNIVERSITY EDUCATION IN YOUR OWN HOME

* * * * *

Courses in studies are known as EXTENSION COURSES; that is to say, they are exactly like the COURSES FOR RESIDENTS of Chicago, so that a person is enabled to obtain a university education in his own home and at little expense.

In order to enroll in our University, there are no special requirements, only ENTHUSIASM and DEVOTION to the studies is needed. (Com. Ex. No. 59)

PAR. 4. Through the use of these advertisements and representations, and others of a similar nature, respondent represents, directly or by implication, that he has authority to confer academic degrees which are recognized by reputable, accredited colleges and universities and accepted generally in the academic and scientific world. Through the use of the word "University" to describe and refer to his school, respondent further represents and implies that his school is a university within the generally accepted meaning of that term; that is, an institution of higher learning, with resident faculties of learned persons and with a resident student body, and with properly equipped laboratories and libraries for the use of students and for the conduct of scientific research and experiment.

By referring to his school as an "officially recognized university," respondent represents and implies that his school has been investigated and approved by some appropriate agency of the United States Government or of some State of the United States, and that by reason of such investigation and approval, respondent's school has been and is officially recognized as an accredited university.

Through the use of the words "Institute of Engineering and Science" in his trade name, respondent represents and implies that his school is an institute within the generally accepted meaning of that term; that is, that his school was established and is maintained for the purpose of considering and studying engineering and scientific problems and conducting research, and that it has the necessary facilities and personnel to carry on the work of an institute.

PAR. 5. Respondent's school was first organized about 1910. On two occasions it has been incorporated, but in each instance the corporate charter was allowed to lapse for nonpayment of certain fees and assessments. Since about 1933 respondent has been operating his school as an individual enterprise. The school is conducted from the residence in which respondent lives, and which also serves as his law office, the residence being some 30 by 60 feet in dimensions and having three stories and a basement. Respondent currently has enrolled some 4,000 students and a considerably larger number of "inactive" students, the latter being persons who have subscribed for courses of instruction but have not continued regularly in their studies.

While the prices of the various courses of study differ, the average price is about \$150, payable in installments. When a student enrolls, he is supplied with certain textbooks, and from time to time thereafter mimeographed lessons and questions are mailed to him. The lessons and schedule of payments covering the price of the course are usually arranged in such manner that as each additional payment is made another lesson is forwarded to the student. Upon the completion of the course the student is awarded a so-called diploma, and, frequently, a document designated by respondent as a degree, as well. Aside from the payment of the initial installment of the price charged by respondent for the course of study chosen, there are no entrance requirements. Any person may enroll for any of the courses offered. The school has no resident students. It has no library or laboratory facilities.

Respondent was a student at the University of Tennessee for 2 years and at Lehigh University for 2 years, but did not graduate from either of these institutions. Subsequently, he attended Princeton University for 2 years, graduating with the degree of Bachelor of Science. He then attended the University of Berlin for about 1 year, but received no degree from that institution. All of this training was some 50 to 60 years ago. Respondent is an attorney at law and is, or has been at various times, a member of the bar in Tennessee, Missouri, and Illinois. While the record indicates that he has

had little or no special training in any field of learning except that of law, respondent contends that he is fully qualified to teach all of the approximately 37 subjects in which courses of study are offered by his school, including medicine, dentistry, and several branches of engineering.

The only other person connected with the school who claims to possess any advanced education is a man who is employed by respondent somewhat in the capacity of an assistant, and who appears from the record to hold the degree of Bachelor of Science from the University of Mexico. The other duties in connection with the school are performed by a group of some six or eight Spanish or Mexican girls, none of whom has had more than a high-school education. These girls are employed primarily as translators, and to perform clerical duties such as the typing and mimeographing of lessons and the mailing of such lessons to students. At times, however, these girls assist also in the grading of completed lessons returned to the school by the students.

Respondent's claim that his school is "officially recognized" is based entirely on the fact that in April 1938, he obtained from the superintendent of public instruction of the State of Illinois a letter purporting to give official recognition to the school. Upon obtaining this letter, respondent proceeded to make wide use of it in his advertising. It appears, however, that this letter was issued provisionally, pending an investigation and inspection of the school. In January 1939, after investigation had been made, another letter was addressed to respondent by the authorized representative of the superintendent, revoking the former letter and expressly stating that respondent's school was not recognized by the Department of Public Instruction of Illinois. Subsequent to the issuance of the second letter, reports reached the Department that respondent was continuing to use the original letter, and in August 1940, a third letter was addressed to respondent by the same representative of the Department, referring to the second letter and concluding with the statement:

I trust that it is perfectly clear to you that your institution does not have the authority to grant degrees nor is it recognized by this Department, and that you have not used this information in your correspondence or advertising since that time. (Com. Ex. No. 30)

Despite the issuance of this third letter, respondent has continued to capitalize in his advertising upon the original letter, and to use it as a basis for his claim that his school enjoys recognition.

As a further means of creating the impression that his school and the so-called diplomas and degrees issued by it enjoy official recognition, respondent has engaged in the practice of attaching to such

diplomas and degrees the certificates of notaries public and other public officials. For example, there appears in the record a document (Com. Ex. No. 50) purporting to confer upon the individual named therein the degree of Doctor of Laws. This document bears the signatures "Joseph G. Branch, President" and "M. J. Patrance, Secretary," as well as the signature of a "registrar." Attached to the document are the following certificates: (1) certificate of a notary public of Cook County, Ill., to the effect that the persons whose names appear on the document have appeared before him and acknowledged that they executed the instrument; (2) certificate of the county clerk of Cook County, Ill., to the effect that the notary public executing the first certificate was in fact a notary public of Cook County; (3) certificate of the secretary of state of the State of Illinois to the effect that the signer of the second certificate was in fact the County Clerk of Cook County.

While all of these certificates are in fact nothing more than verifications or authentications of signatures and have no actual bearing on the value of the document itself, it is apparent from the record that respondent's purpose in having the certificates affixed to the document was to further the impression in the mind of the recipient of the document and of others to whom it might be exhibited that respondent's school and his diplomas and degrees enjoy official recognition in the United States. Respondent has at times also obtained and attached to his diplomas the certificate of the consul of the country in which the recipient resided. Efforts have also been made by respondent to have the Department of State of the United States authenticate the signature of the secretary of State of Illinois.

Many of respondent's students are enrolled through the recommendation of former students, and respondent's practice of attaching such certificates to his diplomas and degrees has a tendency to mislead prospective students into the belief that respondent's school is officially recognized in the United States and that its diplomas and degrees possess a value comparable with those issued by regular colleges and universities. Such erroneous impression is made all the stronger by reason of the fact that while the diploma or degree is written in the Spanish language the certificates are in English, and the recipient and others are usually unable to discern the actual purport of the certificates. Diplomas and degrees obtained from colleges and universities in the United States are highly valued by citizens of South and Central American countries, and it is difficult if not impossible for such citizens to distinguish between diplomas and degrees issued by such colleges and universities and documents purporting to be diplomas and degrees but which in fact are wholly without academic value.

The record further discloses that the purported signature "M. J. Patrance, Secretary" appearing on the document referred to above was not in fact executed by the individual in question but was affixed to the document by respondent himself. During the period when respondent's school was incorporated, the secretary of the corporation was a Miss M. J. Patrance. After the corporate charter lapsed, Miss Patrance continued in respondent's employ as his secretary. She died in April 1940, but subsequent to her death respondent continued to sign her name to his diplomas and other documents in the same manner as he had done previously. In the case of the specific document referred to above, the name of Miss Patrance was affixed by respondent more than a year after her death.

PAR. 6. The Commission finds from the facts herein set forth that respondent's school has not been approved by any agency of the United States Government or any State of the United States, and that the school enjoys no official recognition of any nature. The purported diplomas and degrees awarded by respondent are not accepted or recognized by any reputable educational institution, and are in fact worthless in the academic and scientific world. Respondent's school is neither a university nor an institute, and is not an institution of higher learning of any kind, and the use by respondent in connection with his school of the term "University" or "Institute" or any other term of similar import is wholly unwarranted, and is misleading and deceptive to prospective students and the public generally.

PAR. 7. The Commission finds further that the acts and practices of respondent as herein described have the tendency and capacity to mislead and deceive a substantial portion of the purchasing public in Central and South American countries with respect to the character of respondent's school and the value of respondent's courses of study and of the purported diplomas and degrees conferred by respondent, and the tendency and capacity to cause such portion of the public to purchase respondent's courses of study as a result of such deception. In consequence thereof, substantial trade has been diverted unfairly to respondent from his competitors, among whom are those who do not engage in such acts and practices.

CONCLUSION

The acts and practices of the respondent as herein found are all to the prejudice of the public and of respondent's competitors, and constitute unfair methods of competition in commerce and 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, the answer of respondent, testimony and other evidence in support of and in opposition to the allegations of the complaint taken before a trial examiner of the Commission theretofore duly designated by it, report of the trial examiner upon the evidence and the exceptions to such report, briefs in support of and in opposition to the complaint, and oral argument; and the Commission having made its findings as to the facts and its conclusion that the respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Joseph G. Branch, individually, and trading as Joseph G. Branch Institute of Engineering and Science, or trading under any other name, and his agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of respondent's courses of study or instruction, do forthwith cease and desist from:

1. Using the word "Institute," or any abbreviation or simulation thereof, as a part of respondent's trade name or as a part of the name of respondent's school; or otherwise representing, directly or by implication, that respondent's school is an institute or that it was organized or established or is equipped to carry on the work of an institute.

2. Using the word "University," or any abbreviation or simulation thereof, to designate, describe, or refer to respondent's school; or otherwise representing, directly or by implication, that the business conducted by respondent is a university or an educational institution of higher learning.

3. Representing, through the use of the word "University," or any other word, or by any other means, that respondent's school is an educational institution of higher learning with power to confer degrees.

4. Representing, through the issuance of so-called degrees or other documents which purport to have been issued by a duly qualified educational institution of higher learning authorized to confer academic or scientific title or rank, that respondent's school is a university or institution of higher learning.

5. Using the words "officially recognized," or any other word or words of similar import, in connection with respondent's school; or otherwise representing, directly or by implication, that respondent's

school is recognized or approved as an institution of learning by the United States Government or any State of the United States, or by any agencies thereof.

6. Representing, through the use of certificates of acknowledgment or authentication executed by notaries public or other public officials and affixed to so-called diplomas and degrees or other similar documents, that respondent's school is an institution of learning recognized by the Government of the United States or by any State of the United States.

7. Representing in any other manner or by any other means, either directly or indirectly, that respondent's school is an accredited institution, or that the so-called diplomas or degrees or any other similar documents issued by it are recognized or accepted by any governmental agency or any reputable college or university.

It is further ordered, That the respondent shall, within 60 days after service upon him of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which he has complied with this order.

Complaint

36 F. T. C.

IN THE MATTER OF

PETER ANASTASOFF AND JAMES ANASTASOFF,
TRADING AS PURITY CANDY COMPANYCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 20, 1914*Docket 4872. Complaint, Nov. 23, 1942—Decision, Jan. 5, 1943*

Where two individuals, engaged in the manufacture and competitive interstate sale and distribution of candy, including certain assortments which were so packed and assembled as to involve the use of a game of chance, gift enterprise, or lottery scheme when sold and distributed to the consumer; typical assortment consisting of 20 candy bars and 130 small caramels, together with a three-section push card for use in sale and distribution of said candy under a plan, as explained thereon, by which those securing by chance certain numbers concealed within the card received for the penny paid, in addition to a caramel, one of said bars, and maker of last punch in each section received, in addition to the caramel received by all, two candy bars;

Sold such assortments to wholesalers, jobbers, and retailers by whom they were exposed and sold to the purchasing public in accordance with aforesaid sales plan, under which fact as to whether purchaser received one of the candy bars or one of the small caramels for his penny was determined wholly by lot or chance; and thereby supplied to and placed in the hands of others means of conducting a lottery in sale of their merchandise in accordance with aforesaid plan, involving the sale of a chance to procure candy bars at much less than their normal retail price; contrary to an established public policy of the United States Government, and in competition with many who do not use such or any method involving game of chance to win by chance, or other method contrary to public policy;

With the result that persons were attracted by said plan employed by such individuals in sale and distribution of their product and by element of chance involved therein, and were thereby induced to buy and sell their candy in preference to that of said competitors, with tendency and capacity to divert unfairly trade in commerce to them from their competitors aforesaid; to the substantial injury of competition:

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

Mr. J. W. Brookfield, Jr. for the Commission.

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 Peter Anastasoff