

Order

IN THE MATTER OF

CLAIROL, INC. AND JOAN GELB, LEON A. SPILO, AND
MORRIS GELB

MODIFIED CEASE AND DESIST ORDER

Docket 3615. Order, January 25, 1945

Modified order, pursuant to provisions of Section 5 (i) of the Federal Trade Commission Act, and in accordance with decree below referred to, in proceeding in question, in which original order issued on October 8, 1941, 33 F.T.C. 1450, and in which the Circuit Court of Appeals for the Second Circuit, on August 14, 1944, *Gelb v. Federal Trade Commission*, 144 F. (2d) 583, 39 F.T.C. 694, rendered its opinion, and on September 19, 1944 issued its decree modifying the Commission's aforesaid order in certain respects and affirming the same as therein modified;

Requiring respondent individuals, in connection with the offer, etc., in commerce, of respondents' cosmetic preparations, to cease and desist from misrepresenting their nature, properties, source, and safety, as in said order in detail below set out.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission, and it appearing that on October 8, 1941, the Commission made its findings as to the facts herein and concluded therefrom that the respondents, Joan Gelb, Leon A. Spilo and Morris Gelb had violated the provisions of Section 5 of the Federal Trade Commission Act and on October 8, 1941 issued and subsequently served its order to cease and desist upon said respondents; and it further appearing that on September 19, 1944, the United States Circuit Court of Appeals for the Second Circuit issued its decree modifying the aforesaid order in certain respects and affirming said order as therein modified.

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 said decree.

It is ordered, That said individual respondents, Joan Gelb, Leon A. Spilo and Morris Gelb, their representatives, agents 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 their cosmetic preparations designated generally as "Clairol" and more specifically designated as "Instant Clairol" and "Progressive Clairol," or any other preparations of substantially similar composition or possessing substantially similar properties, whether sold under the same names or under any other names, do forthwith cease and desist from:

1. Representing that said preparations are not hair dyes.
2. Representing that said preparations restore the natural or youthful color of the hair.
3. Representing that the effect produced upon the color of the hair by the use of said preparations is permanent.
4. Representing that said preparations supply nourishment to the hair.
5. Representing that said preparations are made or compounded in France.

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6. Representing that the number of treatments of said preparations used by the public is greater than is the fact.

7. Representing that said preparation Instant Clairol is harmless or safe for use.

It is further ordered, That said individual 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.

The corporate respondent, Clairol, Inc., having been dissolved, *It is further ordered,* that this proceeding be, and it hereby is, dismissed as to said corporate respondent.

Syllabus

IN THE MATTER OF

AMERICAN SCHOOL OF COMMERCE, JOHN A. YOUNGSTROM AND EDWARD C. DUSATKO, TRADING AS AMERICAN COLLEGE AND AS PRESIDENT AND VICE PRESIDENT, RESPECTIVELY, OF AMERICAN SCHOOL OF COMMERCE; AND D. N. DOYLE, INDIVIDUALLY AND AS SECRETARY THEREOF

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

Docket 4624. Complaint, Nov. 5, 1941—Decision, Jan. 31, 1945

Where a corporation which succeeded to and carried on the business long theretofore engaged in by its president and its vice president as "American College," along with the aforesaid two individuals and a third, secretary of said corporation; engaged in conducting a school in business subjects such as shorthand, bookkeeping, commercial law, salesmanship and merchandising, and in the sale and distribution of home study or correspondence courses in said subjects, and offering students their choice of attending classes conducted at their place of business in Omaha or receiving instruction by correspondence; in soliciting the sale of their courses through advertising material and salesmen—

- (a) Continued to distribute to prospective purchasers of their courses—following the organization of aforesaid corporation—folders, circulars and other advertising material in which their school was referred to as "American College" or as a "College";

Notwithstanding the fact it was not an institution of higher learning within the ordinary meaning of the designation "College";

- (b) Represented, as aforesaid, that their said school was located on and had a campus, that new and modern equipment and facilities were available for the use and instruction of students, and that various extracurricular activities, both athletic and social, similar to those usually associated with colleges, were maintained for and available to their students;

Notwithstanding the fact their school was conducted in six or, later, seven or eight rooms rented in certain Omaha office buildings and had never had any campus; a substantial part of their mechanical equipment was neither new nor modern, nor, in some instances, was it maintained in proper operating condition, nor during most of the period concerned were there available to students in their school the extracurricular athletic and social activities, such as a basketball team, a band, an orchestra, or a gymnasium, which were promised by their sales representatives;

- (c) Informed many high school graduates, whom as a class it was their practice to solicit, that because of high scholastic standing, the particular graduate was one of a few to whom they were offering the scholarship, which materially reduced the cost of their courses; in some instances, naming no specific reduction and in others ascribing a value of \$50.00 thereto, or one-half of the cost of the course, or some other specific sum; and in other instances, misinforming prospects as to the exact fees and terms available to them;

The facts being they gave no scholarships and such prospects were charged and paid the regular and customary prices for their courses; and it was a frequent practice of their salesmen to insist upon prompt action on said supposed offer without affording the prospect or his parents sufficient time to read and consider the contract they