

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

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were asked to sign, on the pretext that the offer was a special one and, if not accepted, would have to be made to some one else; and

- (d) Wrote collection letters to students—many of whom agreed to pay in installments—or to their guarantors, under the name "Western Bond and Finance Company," demanding payment of the amounts claimed to be due and representing said supposed company as the owner of students' notes or contracts through purchase, as a result of which many persons paid amounts claimed which they would not otherwise have paid because of misrepresentations made in securing such notes or contracts;

Notwithstanding said so-called Western Bond and Finance Company was entirely fictitious and simply a scheme to collect payments as aforesaid;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such representations were true, and thereby induce them to purchase said courses of instruction and texts and books of reference pertaining thereto, and pay amounts claimed to be due on notes or installment contracts which they would not otherwise have paid:

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

Before *Mr. Andrew B. Duwall*, trial examiner.

Mr. William L. Pencke for the Commission.

Mr. Harry F. Horak, of Lincoln, Nebr., for respondents.

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 American School of Commerce, a corporation, John A. Youngstrom and Edward C. Dusatko, individually, and as copartners, doing business under the firm name and style of American College, and as president and vice president, respectively, of American School of Commerce, a corporation, and D. N. Doyle, individually, and as secretary of American School of Commerce, have 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:

PARAGRAPH 1. American School of Commerce, is a corporation, organized and existing pursuant to the laws of the State of Nebraska, having its office and principal place of business at Room 412, Arthur Building, 210 South 18th Street, Omaha, Nebr.

Respondent, John A. Youngstrom, is an individual, and is now or was a copartner of respondent, Edward C. Dusatko, doing business under the firm name and style of American College and is now and has been for a long time last past, president of respondent American School of Commerce. His office and principal place of business is located at 210 South 18th Street, Omaha, Nebr.

Respondent, Edward C. Dusatko, is an individual, who is now or was a copartner of John A. Youngstrom, doing business under the firm name and style of American College. He is now and for a long time last past has been treasurer of respondent, American School of Commerce. His office and principal place of business is located at 210 South 18th Street, Omaha, Nebr.

Respondent, D. N. Doyle, is an individual, who is now and for a long

time last past has been an officer of American School of Commerce, a corporation. His office and principal place of business is located at 210 South 18th Street, Omaha, Nebr.

PAR. 2. In 1917 or thereabouts, respondents, John A. Youngstrom and Edward C. Dusatko, formed a partnership under the firm name and style of American College. Operating under this partnership name they conducted a school for the instruction of students, pupils and the general public in business subjects such as shorthand, bookkeeping, commercial law, salesmanship, merchandising, business machines and the like. They also solicited and sold courses of instruction in such subjects, among others, as Diesel engines, radio, television, telegraphic and electrical engineering. These courses of instruction were sold to students residing in the various States of the United States and in the District of Columbia. This school continued until 1939 or thereabouts, whereupon the business was transferred to a corporation organized for that purpose by the said respondents, John A. Youngstrom and Edward C. Dusatko, and known as American School of Commerce, one of the respondents herein.

The American School of Commerce has continued operation of the business theretofore conducted by the aforesaid partners under the firm name and style of American College, and the acts and practices of the said respondents, John A. Youngstrom, Edward C. Dusatko and D. N. Doyle, individually, and as officers of the respondent corporation, American School of Commerce, are now and have been a continuation of the acts and practices carried on under the name of American College.

PAR. 3. In the course and conduct of their business the aforesaid respondents have been, and are in competition with other corporations, individuals, firms and partnerships also engaged in similar business involving the offering for sale and sale of courses of instruction in business, commercial, mechanical and electrical subjects to students and members of the public, in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. The aforesaid corporate respondent, American School of Commerce, and the individual respondents, John A. Youngstrom and Edward C. Dusatko, as individuals and as copartners, doing business under the firm name and style of American College, and as president and treasurer, of the respondent, American School of Commerce, and D. N. Doyle, individually, and as an officer, of the American School of Commerce, a corporation, for a number of years last past, have been and now are engaged in the business of operating a school at Omaha, Nebr., for the instruction of students and members of the public in various subjects as described in paragraph 2 hereof. In promoting the sale, and in the sale of these and similar courses of instruction, together with texts and books of reference pertaining thereto, in commerce between and among the various States of the United States, respondents advertised in newspapers of general circulation, distributed literature, circulars and other promotional matter. Agents and representatives were likewise engaged by the said respondents to travel in the various States of the United States for the purpose of offering for sale and selling the said courses of instruction, to distribute literature pertaining thereto, and to make oral representations concerning the same, to purchasers and prospective purchasers thereof. The orders received for these courses of instruction by the said agents in the various States in which they operated were and are transmitted to the main office of respondents in the city of Omaha, Nebr. The courses of instruction

offered for sale and sold by the said respondents consist of courses commonly described as "resident instruction" wherein the student receives his instruction at the headquarters of the American College or at the American School of Commerce in Omaha, Nebr., and in correspondence or "extension" courses wherein the student received his instruction primarily by mail. In some instances the courses are given partly by resident instruction at the headquarters of the said school at Omaha, Nebr., and partly by mail through extension work at the abode of the pupil. The students and members of the public to whom these courses of instruction were sold are domiciled both in the State of Nebraska and in various other States of the United States, and there is now and has been at all times mentioned herein a course of trade in said courses of instruction and the texts and books of reference so sold and distributed by respondents, in commerce between and among various States of the United States.

PAR. 5. In the course and conduct of their business the aforesaid respondents, in promoting the sale of and selling their said courses of instruction, and reference books, in the manner above set forth, the students and prospective students and to the general public located in the several States of the United States, have advertised and represented through newspapers of general circulation, through circularizations, and orally by agents and representatives engaged by them, as follows, to wit:

(a) That American College or American School of Commerce is an institution of higher learning such as is commonly described as a college or university, with a campus, dormitories, gymnasium, swimming pool, and college buildings, and supported all usual college activities except a football team; and that respondents maintained full, adequate, and modern equipment and facilities for use in the instruction of all students enrolled in the courses purchased by them.

(b) That the aforesaid respondents would furnish accommodations whereby resident students might earn their room and board, and would secure employment for the student upon completion by him or her of the courses of instruction for which he or she enrolled.

(c) That United States or State Civil Service positions would be obtained for enrollees upon graduation without further effort on their part.

(d) That American College and subsequently the American School of Commerce maintains on its own premises the best Diesel, electrical and radio engineering schools in the United States.

(e) That the aforesaid American College or the American School of Commerce has 1500 or more resident students and that students would receive regular college credits for their work acceptable by Universities and colleges of higher learning.

(f) That the amount stated at the time of enrollment covers all possible charges pertaining to the classes, courses, or subjects for which enrolled.

(g) That the scholarship, equivalent to one-half of the regular tuition, would be tendered as a reward of merit to one or two students of especially high scholastic standing in each town or community; that the said scholarship has a definite valuation equivalent to one-half of the stated or regular price of the courses offered the enrollee.

(h) That the headquarters of the said school or college was housed in an imposing building surrounded by a campus, all of which belonged to or was occupied by the said school, and that pictures showing groups of students adjacent to imposing buildings were photographed at or in buildings controlled or owned by the respondents herein.

PAR. 6. In truth and in fact, neither the American College nor the American School of Commerce are or have been regular colleges, with campus, gymnasium, swimming pool, dormitories, privately owned or controlled buildings, and adequate equipment, and do not support all usual college activities except a football team. The equipment and facilities maintained by the respondents at the said school are not adequate, complete, or modern and are insufficient in quantity and quality, for the instruction of the students enrolled. The said schools are not colleges or institutions of higher learning within the ordinarily accepted meaning of that term. The aforesaid respondents do not furnish or obtain accommodations or remunerative positions where resident students may earn their room and board and the said respondents do not secure employment for the student on the completion by him or her of the courses of instruction for which they enrolled. Civil Service positions are not obtained for enrollees upon graduation from the said school without further effort. The said respondents do not maintain on their premises or at any other place the best Diesel engineering school in the United States or any other Diesel engineering school; and do not maintain there or at any other place qualified schools for instruction in radio and electrical engineering. The aforesaid American College or the American School of Commerce does not give regular college credits which are acceptable by universities or colleges of higher learning and the said student body of the American College or the American School of Commerce does not now and never has had an enrollment of 1500 resident students. The amount of tuition stated at time of enrollment does not cover all possible charges made or imposed upon the said students during their course or courses of instruction for which enrolled. The so-called scholarship offered by the said respondents as a reward of merit to new enrollees is not a true reward of merit, but is regularly granted to prospective enrollees regardless of prior scholastic standing and is used as a trick or artifice to entice students to the school maintained by the said respondents. The school maintained by the said respondents is not housed in a separate school building surrounded by a campus, but is housed in a few rooms in an ordinary office building and the photographs displayed of students standing on the steps or adjacent to imposing buildings are photographs of students grouped at or adjacent to government owned buildings, or buildings other than that in which the classes of instruction given by respondent are located.

PAR. 7. In the further course and conduct of their said business, respondents, John A. Youngstrom and Edward C. Dusatko, operate a so-called collection agency, under the name of Western Bond & Finance Company, solely for the purpose of making collections from students enrolled in the American School of Commerce. Under the agreement of enrollment many of said students agree to pay tuition in installments. Upon accepting the enrollment of a student upon the deferred payment plan, it is the practice of the respondents, through the said Western Bond & Finance Company, to notify said student that the note or enrollment agreement had been purchased by the said Western Bond & Finance Company, and that payment should be made to said company. Thereafter, should a payment be in default, the said respondents, through the Western Bond & Finance Company, write collection letters to said students or to the guarantors signing the enrollment contract, demanding payment of amounts claimed to be due. Some of such letters are threatening in nature and convey the impression that suit will be brought to enforce the collection of

the amounts claimed to be due, unless paid at once. As a matter of fact, the said Western Bond & Finance Company is entirely fictitious in nature and is simply a scheme or device used by the respondents to collect such accounts. Respondents never reveal the fictitious nature of such company, but on the contrary, at all times represent said company to be the owner of the notes or enrollment contracts through purchase from respondents. As a result of such practice, many persons pay amounts claimed to be due on said notes or enrollment agreements which they would not otherwise pay on account of the various misrepresentations made by respondents in securing the same, in the erroneous belief that such notes or contracts are no longer owned by the respondents herein, but have been endorsed or assigned to said Western Bond & Finance Company and are the property of such company. The respondent, D. N. Doyle, is fully aware of this deceptive practice and participates therein by signing the collection letters sent out in the name of such fictitious company.

PAR. 8. The use by the respondent of the foregoing false, deceptive and misleading statements and representations has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations are true and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondents' courses of instruction and the texts and books of reference pertaining thereto and to pay amounts claimed to be due on notes or enrollment contracts which they would not otherwise pay. As a direct result thereof trade has been and is unfairly diverted to the respondents from their competitors, thereby causing substantial injury to competition in commerce among and between the various States of the United States.

PAR. 9. The aforesaid acts and practices of respondents are all to the prejudice of the public and of respondents' competitors and constitute unfair methods of competition 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 November 5, 1941, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them 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 said act. After the issuance of said complaint and the filing of respondents' answer thereto, testimony and other evidence in support of and in opposition to the allegations of said complaint were introduced before an examiner of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint, the answer thereto, testimony and other evidence, report of the trial examiner and exceptions thereto, and brief in support of the complaint (respondent not having filed brief and oral argument not having been requested); 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. (a) Respondent, American School of Commerce, is a corporation, organized and existing under the laws of the State of Nebraska, with its principal office and place of business located in the Baum Building, Omaha, Nebr.

(b) Respondent, John A. Youngstrom, is an individual, who with respondent, Edward C. Dusatko, as a partner, formerly traded as American College and who is now president of respondent, American School of Commerce.

(c) Respondent, Edward C. Dusatko, is an individual, who with respondent, John A. Youngstrom, as a partner, formerly traded as American College and is now vice president of respondent, American School of Commerce.

(d) Respondent, D. N. Doyle, is an individual, who until a few months preceding the issuance of the complaint herein, was secretary of respondent, American School of Commerce.

PAR. 2. For a number of years last past respondents have been engaged in conducting a school for the instruction of members of the public in business subjects such as shorthand, bookkeeping, commercial law, salesmanship, merchandising, and allied subjects, and in the sale and distribution of home study or correspondence courses in said subjects. In the course and conduct of this business, respondents have caused said courses of instruction, consisting of texts, instructions, and other materials, to be transported from their place of business in Omaha, Nebr., to purchasers thereof at their respective points of location in other States of the United States, and have maintained a course of trade in commerce among and between various States of the United States.

PAR. 3. For many years respondents, Youngstrom and Dusatko, co-partners, trading as American College, conducted a school in Omaha, Nebr., for the instruction of members of the public in shorthand, bookkeeping, commercial law, salesmanship, merchandising, and other subjects, and solicited the sale of, and sold, home study or correspondence courses in such subjects. In 1938 or thereabouts the respondents herein organized a corporation known as American School of Commerce for the purpose of taking over, and which did take over and continue, the business theretofore conducted by respondents, Youngstrom and Dusatko, as a partnership, and the acts and practices of respondents herein, individually, and as officers of respondent, American School of Commerce, have been a continuation of the acts and practices carried on under the name of American College.

PAR. 4. (a) Respondents have conducted their school upon both a resident and an extension basis; that is, they offer students or prospective students an election as to attending classes conducted at respondents' place of business in Omaha, Nebr., or receiving instruction by home study or correspondence methods. For example, the secretarial science course offered by respondents is offered on a home study or correspondence basis at a price of \$96, if paid in installments, or \$86.40 if paid in cash. A student who undertakes this course may become a resident student and attend classes by the payment of an additional fee of \$11 per month if paid monthly. For enrollment in this course on a resident student basis the charge is \$212, if paid in installments, or \$196 if paid in cash. It has not been uncommon for purchasers of respondents' courses to receive a portion

of their instruction by correspondence and a portion through attendance of classes at respondents' place of business in Omaha.

(b) As a means of promoting the sale of both resident and correspondence courses of instruction, respondents have advertised in newspapers and have distributed circulars and other advertising materials purporting to be descriptive of their school and the courses of instruction offered and have employed salesmen to call upon high school graduates and other members of the public for the purpose of securing their enrollment in respondents' school, if possible. In the course of offering for sale and selling their said courses of instruction by the means stated, respondents have in their advertising material and through the oral statements of their salesmen made numerous false, misleading, and deceptive representations to purchasers and prospective purchasers of their said courses of instruction.

PAR. 5. (a) After the organization of the corporate respondent, American School of Commerce, respondents continued to distribute to prospective purchasers of their courses of instruction folders, circulars, and other advertising materials in which their school was referred to as "American College" or as a "college." In truth and in fact, said school, whether designated as American College or as American School of Commerce, has not been, and is not, a college in that said school is not an institution of higher learning within the ordinary meaning of the designation "college." The use of such designation for said school or references to it as a "college" have the capacity and tendency to mislead and deceive members of the purchasing public into the belief that it is in fact an institution of higher learning.

(b) Through the means heretofore stated, respondents have represented to prospective purchasers of their courses of instruction 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 extra-curricular activities, both athletic and social, similar to those usually associated with colleges, were maintained for and available to their students. As a matter of fact, respondents' school until about 1941 was conducted in six or seven rooms in the Arthur Building which were rented by respondents for such purpose, and thereafter was conducted in seven or eight rooms in the Baum Building rented by respondents for such purpose. Both of these buildings are office buildings located in Omaha and respondents' school has never been located upon or had any campus. A substantial part of the mechanical equipment such as typewriters, adding machines, tabulating machines, and other office and business machines maintained by respondents for use in instructing students in their business courses were not new, modern, and up to date, and in some instances not maintained in proper operating condition. During the period in which most of the witnesses who testified in this proceeding enrolled in or attended respondents' school (1938-41, inclusive) respondents did not maintain nor were there available to students in respondents' 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.

PAR. 6. Respondents have made it a practice to solicit the sale of their courses of instruction to recent high school graduates and to secure the enrollment of such graduates as students in their business school. Many such prospective enrollees were informed that because of their high

scholastic standing in high school they were one of a few to whom respondents were offering a scholarship and that this scholarship materially reduced the cost of respondents' courses. In some instances no specific amount of reduction was named and in others the scholarship was said to be worth \$50, or one half of the cost of the course, or some other specific sum. As a matter of fact, respondents did not give scholarships and the prospective students to whom such statements were made were charged, and paid, the regular and customary prices for respondents' courses and received no reduction whatever in price. In some instances prospective students were misinformed as to the exact fees and terms available to them and respondents' salesmen frequently pursued a course of insisting upon prompt action upon the offer made without affording the prospective students or the parents of such students sufficient time to read and consider the contract they were asked to sign. This was done in the guise of the offer being a special one and if it was not accepted then and there the offer would have to be made to some one else.

PAR. 7. The respondents herein operated a so-called collection agency under the name Western Bond & Finance Company, solely for the purpose of making collections of amounts due or claimed to be due from students or those who guaranteed their payments. Under the enrollment agreement many students agreed to pay tuition in installments and it was the practice of respondents to notify such students that the note or enrollment agreement had been purchased by Western Bond & Finance Company and that payments should be made to that company. Thereafter, in the event of default in payments, respondents, through the Western Bond & Finance Company, wrote collection letters to students or their guarantors demanding payment of the amounts claimed to be due. As a matter of fact, the so-called Western Bond & Finance Company was entirely fictitious and was simply a scheme or device used by respondents to collect payments from students in their school or their guarantors. However, respondents represented such company to be the owner of the notes or installment contracts through purchase, and as a result of such practice many persons have paid amounts claimed to be due which they would not otherwise have paid because of the various misrepresentations made by respondents in securing such notes or contracts.

PAR. 8. The use of respondents of the aforesaid false, deceptive, and misleading statements and representations has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations are true, and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondents' courses of instruction and texts and books of reference pertaining thereto, and pay amounts claimed to be due on notes or installment contracts which they would not otherwise pay.

CONCLUSION

The aforesaid acts and practices of respondents are all to the prejudice 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, the answer of respondents, testimony and other evidence taken before an examiner of the Commission theretofore duly designated by it, report of the trial examiner and exceptions thereto, and brief in support of the complaint (respondents not having filed brief and oral argument not having been requested), and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That respondent, American School of Commerce, a corporation, its officers, representatives, agents, and employees, and respondents, John A. Youngstrom, Edward C. Dusatko, and D. N. Doyle, individually, and as officers of respondent, American School of Commerce, their respective representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of any courses of study or instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "college" in or as a part of the name for or designation of respondents' school, or representing in any manner that said school is a college or other institution of higher learning.

2. Representing in any manner that the tuition, fees, or other charges, costs, or expenses for any course or courses in respondents' school are less than is the fact.

3. Representing that the usual or customary charges for any course or courses in respondents' school constitute special or reduced prices.

4. Representing that scholarships or other special terms or advantages are given to a few selected high school graduates, when in fact the terms offered are the customary and usual terms to any student or prospective student.

5. Representing that respondents' school has a campus, or that it maintains or has available for students other physical facilities or equipment greater than is the fact; or that extracurricular school activities different from or greater than is the fact are available to students.

6. Representing that the Western Bond & Finance Company, or any other collection agency or activity owned, controlled, or conducted by respondents, or any of them, as a means of collecting sums due or alleged to be due from students or their guarantors is an innocent holder for value of the notes or other evidence of such indebtedness given by such students or their guarantors; or using a fictitious name for such collection activities as a means of importing or implying that said evidences of indebtedness are in the hands of an innocent holder for value, when in fact respondents, or any of them, are the beneficial owners of such evidences of indebtedness.

It is further ordered, That respondents shall, within 60 days after the 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.

Complaint

IN THE MATTER OF

F. H. NOBEL & COMPANY

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 28, 1914

Docket 5092. Complaint, Dec. 4, 1943—Decision, Jan. 31, 1945

Where a corporation engaged in the manufacture and interstate sale and distribution of jewelers' findings and gold solder to dealers and others—

Represented that its gold solders were of low-karat, 6-karat, 8-karat, 10-karat, 12-karat, 14-karat, 16-karat, 18-karat, or 20-karat gold content, respectively, through describing them on labels and in advertising literature by a circle containing the letter "N" surrounded by a band bearing the legend "solder for low K gold," "solder for 6K gold" "solder for 8K gold," etc., in all of which the word "for" was in much smaller type than the other words, and the various designations such as "low K," "6K," were printed in much larger type; and through designating its gold solder in its price lists under the heading of "Quality," as "LK," "6 K," "8K," etc.; when in fact such solders were of a lower gold content than the gold with which they were to be used;

With the effect of misleading members of the jewelry repairing trade and the purchasing public into the mistaken and erroneous belief that its gold solders were of the fineness indicated by said legends and of the gold with which they were indicated for use, as a result of which belief, members of said trade and the general public purchased substantial amounts thereof:

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. J. W. Brookfield, Jr. for the Commission.
Fyffe & Clarke, 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 has reason to believe that F. H. Noble & Company, a corporation, 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:

PARAGRAPH 1. The respondent, F. H. Noble & Company, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 535-559 West 59th Street, Chicago, Ill. Respondent is now, and for more than two years last past has been, engaged in the manufacture, sale and distribution of jeweler's findings and gold solders to dealers and others located at points in the various States of the United States and in the District of Columbia. Respondent causes and has caused said jeweler's findings and gold solder to be transported from its place of business in the city of Chicago, Ill., to purchasers thereof at their respective points of location in various States of the United States other than Illinois