

Syllabus

IN THE MATTER OF

McKINLEY-ROOSEVELT, 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 5272. Complaint, Feb. 3, 1945—Decision, June 25, 1947

Where a corporation and three individuals, who were president and treasurer, secretary, and director thereof, and who formulated its policies and controlled and directed its activities; engaged in the interstate sale and distribution of courses of study and instruction in numerous subjects, including (as listed under the caption "Departments" on the corporate letterhead—which also displayed the legend "Chartered by the State of Illinois as an educational institution") "Law and Letters, Public Health, Architecture, Engineering, Mathematics, Agriculture, Psychology, Accounting, Philosophy, Education, Sociology, Statistics, Chemistry, Theology, Business, Physics, Speech"; and in carrying on said business from a three-room office, in charge of the corporation's aforesaid president and treasurer, who had some six girl employees doing the clerical and stenographic work under her supervision, and who, although referred to in some of the advertising as "Dr." had no academic degree of any kind;

Making use of a teaching method under which a student was supplied with a standard textbook, together with sets of questions covering the various chapters, sometimes purchased by the school from outside sources and sometimes prepared by the instructors (of whom there were two full-time and four part-time), who checked and graded the answers sent in, and returned them to the student together with criticism and suggestions;

- (a) Represented, through advertising material including letters, circulars, catalogs, and pamphlets sent to those replying to such typical advertisements as "STUDY AT HOME with a chartered educational institution, courses in Art; Sciences; Philosophy;" etc., etc., that it was an educational institution of higher learning authorized to confer academic degrees recognized by other institutions of higher learning and by the United States Civil Service Commission and prospective employers; and emphasized throughout its said advertising the academic degrees awarded by it to its graduates, and frequently sent to prospective students a facsimile of a diploma showing that the degree of "Doctor of Philosophy" was awarded by the corporation to the person named therein;
- (b) Represented, as aforesaid, that it maintained separate departments for many of its courses of study, and that its said courses were superior or equal to those offered by resident colleges and universities; and
- (c) Represented, through its practice of granting or conferring so-called degrees, that it was an institution of higher learning and that such degrees possessed academic value and were recognized in the educational field;

The facts being it was actually a correspondence school which, as aforesaid, operated from a three-room office, and while, like other correspondence schools, it might serve a useful purpose, it clearly was not an institution

of higher learning; its faculty consisted of two full-time instructors who held the Degrees of Bachelor of Science and Doctor of Jurisprudence, and Bachelor of Arts and Master of Science, respectively, and of four part-time instructors, one of whom was a practicing attorney and three of whom—with the Degree of Bachelor of Science, and also in the case of two, the Degree of Master of Science—were practicing engineers in Chicago; its so-called degrees were worthless from an academic viewpoint and accorded no recognition in the educational world; they would not be recognized by said Civil Service Commission or any prospective employer with knowledge of the facts; it maintained no "Departments" as understood in educational circles; and its courses were in nowise equal to those offered by resident colleges and universities; and

Where three other corporations, which were similarly engaged and controlled by the same individuals, but which, following the organization of the corporation above referred to, after the Commission's cease and desist order in *McKinley-Roosevelt College of Arts and Sciences* (Docket 3571, April 23, 1940, 30 F. T. C. 1052)—operated by the president of said corporation herein first referred to, and her late husband—discontinued their advertising and sales efforts and left the operation of the business to their said successor corporation—

- (d) Falsely represented, in their contracts with students who had already enrolled, through continued use of their corporate names which included the words "Foundation," "College," and "University," that the particular corporation was a foundation, college, or university; and
- (e) Represented, through the granting or conferring of so-called degrees under said corporate names and upon such students, that such degrees possessed academic value and were recognized in the educational field;

When in fact none of said corporations was an institution of higher learning but, like their aforesaid successor, were merely correspondence schools, and their so-called degrees were wholly without value;

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 its purchase of their said course of study and instruction:

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

In a proceeding in which four corporations and three individuals, as officers thereof, were charged with certain unfair and deceptive acts and practices, and in which it was found, as respects three of said corporations, and said individuals, that they had made false and misleading representations as to their status and activities as higher institutions of learning, and as to the value and validity of so-called degrees conferred by them, as hereinabove set forth, the Commission was of the opinion and found that certain additional charges in the complaint, including alleged misleading use of the letters "Ph. D." and others, preceding or following some of the names of officers and individuals referred to and listed in their advertising literature, and certain alleged misleading references to their so-called "Advisory Personnel," were not sustained by the record; and that none of the charges were thus sustained

Complaint

as to said fourth corporation, and that the complaint should be dismissed with respect thereto.

Before *Mr. George Biddle*, trial examiner.

Mr. William L. Pencke for the Commission.

Mr. Fleming D. Hedges and *Mr. William R. Peacock*, of Chicago, Ill., 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 McKinley-Roosevelt, Inc., a corporation; McKinley-Roosevelt Foundation, a corporation; McKinley-Roosevelt Schools, Inc., a corporation; McKinley-Roosevelt Graduate College, a corporation; McKinley-Roosevelt University, a corporation; and Jessie M. Taylor; William R. Peacock; and Lozier D. Warner, individually and as officers of each of said corporations, 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 thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents, McKinley-Roosevelt, Inc., McKinley-Roosevelt Foundation, McKinley-Roosevelt Schools, Inc., McKinley-Roosevelt Graduate College, McKinley-Roosevelt University, are corporations, organized, existing and doing business under and by virtue of the laws of the State of Illinois, the office and principal place of business of each corporation being located at 4610 Sheridan Road, in the city of Chicago, State of Illinois.

Respondents, Jessie M. Taylor, William R. Peacock, and Lozier D. Warner, are individuals and president and treasurer, secretary, and director, respectively of each of said corporations and formulate, control and direct all policies and activities of said corporations.

Said respondents are now, and have been for many years last past, engaged in the sale and distribution in commerce between and among the various States of the United States and foreign nations of courses of study and instruction in numerous subjects in the arts and sciences, including, among many others, engineering, agriculture, psychology, education, chemistry, business, theology, letters, sociology, and law, all of which are pursued by correspondence through the medium of the United States mails. Respondents in the course and conduct of said business, during the time aforesaid, caused and do now cause their said courses of study and instruction to be transported from their said place of business in Illinois to the purchasers thereof located in the several

Complaint

43 F. T. C.

States of the United States, other than the State of Illinois, in the District of Columbia, and in foreign nations.

PAR. 2. There is now, and has been at all times hereinafter mentioned, a course of trade in said courses of instructions so sold and distributed by the respondents in commerce between and among the various States of the United States, in the District of Columbia, and foreign nations.

PAR. 3. In the course and conduct of their business as aforesaid, respondents are now, and for many years last past have been, in substantial competition with other corporations and with individuals, partnerships and firms engaged in the sale and distribution of similar correspondence courses of instruction in commerce between and among the various States of the United States, in the District of Columbia, and foreign nations.

PAR. 4. In the course and conduct of their business, respondents, by means of advertisements in magazines having a national circulation, and of catalogs, circulars, and circular letters mailed to purchasers and prospective purchasers of their said courses of instruction, have made and are making many false and misleading statements and representations regarding their said courses of study. Typical of the advertisements published as aforesaid is the following:

STUDY AT HOME

With a Chartered Educational Institution Courses in **ENGINEERING**: Electrical, Civil, Mechanical, Drafting, Architectural, Steam, Aeronautical, Radio, Structural, Mining, Industrial, Highway, Petroleum, Marine, Chemical. Courses in **ARTS AND SCIENCES**: Philosophy; Education; Letters; Public Health; Medical Jurisprudence; Psychology; Sociology; Physics; Chemistry; Geology; Pol. Science; Theology; Law; Business and Commerce; Accounting; Mathematics; Statistics; Agriculture.

McKinley-Roosevelt Incorporated, 4610-AC, Sheridan Road, Chicago.

The letterhead of respondent McKinley-Roosevelt, Incorporated, bears the following heading:

Chartered by the State of Illinois as
an Educational Institution

Officers

J. M. Taylor

President

Lozier D. Warner

Educational Director

William R. Peacock

Secretary

Departments

Law and Letters

Public Health

Architecture

Engineering

Mathematics

Agriculture

Psychology

Accounting

Philosophy

Education
Sociology
Statistics
Chemistry
Theology
Business
Physics
Speech

In circular letters, leaflets, catalogs, and pamphlets, respondents make many representations purporting to describe said school and its facilities and equipment. Among and typical of such representations and statements are the following:

McKinley-Roosevelt, Incorporated, is authorized to confer appropriate degrees and diplomas upon students who have duly completed prescribed courses in various fields of learning, including engineering, the physical, biological and social sciences, and the humanities.

It is a regularly organized, properly conducted, high-grade Educational Institution.

Superior Opportunities Offered by Home Study * * * they have led, also, to the development of the most helpful teaching methods and of a highly trained teaching force.

The courses offered by this institution, leading to a degree are in every case sufficiently complete and comprehensive and cover a sufficient number of subjects in the particular branch of higher learning. They are equal to, and in many cases superior to similar courses given in resident colleges and universities. That is why we award degrees to our graduates.

* * * booklet, "Evidence of Results," should convince any employer that our graduates possess an education equal to that afforded by the best resident colleges and universities.

A booklet entitled, "Evidence of Results of Home Study Instruction," contains many representations and statements with respect to the degrees purported to be held by its officers and faculty members and the merit and recognition of the degrees conferred by respondents on their graduates. Typical thereof are the following:

As a graduate of three European universities and until recently a Consul General of some fourteen years' standing, I feel that I have been in a position to appreciate to the full the very high standard of the McKinley-Roosevelt graduate course in Political Science, which far surpasses anything I have hitherto met. The BCL degree is an inconceivably useful course and should be the means of preventing those who hold it from many heavy pecuniary losses resulting from a lack of knowledge of Business Law.

Dr. J. M. Taylor,
McKinley-Roosevelt, Incorporated,
Chicago, Illinois.

* * * Furthermore, the courses offered by you and your methods and procedure of Home Study Instruction are equivalent to that of resident school

Complaint

43 F. T. C.

work. These statements are based on the premise of my present position in that I am working with engineers that have graduated from some of the leading universities of this country and accordingly my work and rating are as good as, if not better than (in some cases) those of my fellow engineers.

* * * I wish to say that the degrees conferred by you must be recognized as attainments of the highest standard for the reason that my present position with the Federal Government is due to the rating that the Civil Service Commission gave my application which was based on the qualifications that I presented as to my education and experience.

Already I have derived great value from being able to say to a prospective employer that I am a holder of an A. B. Degree.

Positions that a decade ago were filled by high school graduates are now strictly reserved for those with a college education. Each year educational requirements of employers become more exacting and even graduates of accredited universities with Bachelor Degrees are learning that they too must secure a Master's or Doctor's degree to advance in their chosen profession.

I believe that this course is most complete and equals any resident college course in existence.

In respondents' said catalogs, booklets, and otherwise the names of some of the individuals connected with respondents' business as officers or employees are followed by letters designating academic degrees and doctorates, and a number of individuals are listed under the caption of "Advisory Personnel."

PAR. 5. By means of the foregoing statements and representations, and others of similar import not herein specifically set out, respondents represent and imply to the purchasing public that they are an educational institution, recognized and accepted by other recognized and accredited institutions of higher learning as being duly qualified to teach all of the subjects embraced in the arts and sciences; that they are duly qualified and equipped to give competent instruction in engineering in all of its branches, and in all of the subjects of higher learning usually taught at colleges and universities; that they maintain separate departments for many of the subjects of study offered by them; that they are authorized to issue and confer diplomas and degrees which are recognized and accredited by other reputable and accredited institutions of higher learning, including colleges and universities; that their teaching methods are equal, if not superior, to those of resident schools, colleges, and universities, and that their faculty is a highly trained teaching force competent and qualified to teach all of the subjects offered for study as listed in their catalog; that the degrees issued by them are recognized by prospective employers and by the United States Civil Service Commission as being recognized and accepted degrees; and that the degree of doctor of philosophy following the names of some of the individuals listed in respondents' adver-

tising literature is a degree conferred by recognized and accredited colleges and universities.

PAR. 6. In truth and in fact all of the statements and representations as hereinabove set forth are grossly exaggerated, false, deceptive, and misleading. The business operated by respondents is not an educational institution of higher learning as that term is generally understood in the educational world. By emphasizing in the manner aforesaid that respondent McKinley-Roosevelt Incorporated is a chartered educational institution authorized to confer degrees, respondents represent and imply that it is an accredited educational institution and that its diplomas and degrees are recognized by accredited universities and colleges. In truth and in fact, while the several corporate respondents have obtained charters from the State of Illinois authorizing them to operate as an educational institution and to confer degrees, such degrees are not recognized or accredited by any other reputable institution of learning. Respondents in failing to apprise purchasers and prospective purchasers of their said courses of study that the degrees conferred by them are not recognized as aforesaid, mislead and deceive such purchasers and prospective purchasers into the belief that they receive credit for work done at respondents' school in universities and colleges when such is not the case.

The letters "Ph. D." and others preceding or following some of the names of officers and individuals, implying that said individuals possess the degree of doctor of philosophy, is false and misleading in that such degrees were in fact conferred upon said persons by the respondent school and are not recognized as valid degrees by any reputable and duly qualified educational institution.

In truth and in fact the designation of departments is misleading in that it implies that respondents' business contains various separate departments devoted to the subjects listed under said heading. In truth and in fact the business is conducted by respondents from an office and certain individual respondents among them purport to teach all of the subjects listed in said catalog. With the exception of Lozier D. Warner, the persons named as members of the advisory personnel are not regularly employed by respondents, but are principally engaged in pursuits other than that of teaching or operating respondents' business. Neither the respondents nor any individuals of the Advisory Personnel are qualified by training, education, or experience properly and competently to teach the numerous subjects in the arts and sciences described in respondents' catalog.

The representation and implication that respondents' school and degrees are recognized by employers and the United States Civil Service

Complaint

43 F. T. C.

Commission as being accredited and of equal merit with recognized resident colleges and universities is false and grossly misleading for the reason that respondents do not maintain an institution of higher learning possessing necessary equipment consisting of libraries, classrooms and an adequate faculty of duly qualified instructors in the specific subjects purported to be taught by respondents.

PAR. 7. In the course and conduct of their business as aforesaid, respondents employ the corporate names McKinley-Roosevelt Graduate College, McKinley-Roosevelt Foundation, and McKinley-Roosevelt University in corresponding with purchasers of their respective courses of study and thereby represent and imply that the business conducted by them is that of a university, college, or educational foundation. The use of the words college and university describing respondents' correspondence school is false and misleading in that it creates the impression in the minds of a part of the public desiring to obtain an education by correspondence and academic degrees that respondents are operating and conducting a college or university, which terms are generally accepted and understood to mean an educational institution of higher learning with the power to confer degrees and with a resident faculty of learned persons devoting their full time to act as instructors in various branches of learning which include the liberal arts and sciences, and which instructors are especially qualified by training and the possession of degrees from recognized educational institutions to teach the specific subjects offered to respondents' students.

In truth and in fact the business operated by respondents under the several corporate names hereinabove set forth is not an educational institution of higher learning.

The use of the word foundation in the corporate name McKinley-Roosevelt Foundation is false and misleading in that it implies the existence of a substantial fund of money or the income therefrom which is intended to be expended in the operation of an educational institution.

In truth and in fact there is in existence no fund or foundation as that term is generally understood, but said word is merely employed by respondents as a trade name.

PAR. 8. The false, misleading, and deceptive practices as hereinabove described all have a tendency and capacity to and do induce prospective purchasers to subscribe to respondents' courses of study in the erroneous and mistaken belief that the representations and statements made by respondents as hereinabove set forth are true.

PAR. 9. There are among competitors of respondents many who truthfully represent the character of their schools and the accomplishments and attainments of their teaching personnel, and who do not in any other manner unfairly and untruthfully represent their method of doing business.

PAR. 10. 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 beliefs, induced by the aforesaid acts and representations of respondents, a substantial number of the public has purchased respondents' courses of instruction, with the result that trade has been unfairly diverted to the respondents from other corporations, individuals and firms likewise engaged in the business of selling correspondence courses of instruction who truthfully advertise and represent their schools and who do not hold themselves out to be universities, colleges, or foundations. As a result thereof injury has been, and is now being, done by respondents to competition in commerce among and between the various States of the United States.

PAR. 11. The aforesaid acts and practices of respondents are all to the prejudice of the public and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices 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 3, 1945, 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 that act. After the filing by respondents of their answer to the complaint, testimony and other evidence were introduced 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 consideration by the Commission upon the complaint, answer, testimony, and other evidence, report of the trial examiner and the exceptions thereto, 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. Respondents, McKinley-Roosevelt, Inc., McKinley-Roosevelt Foundation, McKinley-Roosevelt Schools, Inc., McKinley-Roosevelt Graduate College, and McKinley-Roosevelt University, are corporations organized and existing under and by virtue of the laws of the State of Illinois. Of these corporations McKinley-Roosevelt, Inc., is the only one actively engaged in business at the present time, its office and principal place of business being located at 4610 Sheridan Road, Chicago, Ill. This address is also the mailing address of the other corporations.

Respondents, Jessie M. Taylor, William R. Peacock, and Lozier D. Warner, are individuals and are president and treasurer, secretary, and director, respectively, of each of the corporate respondents. These individual respondents formulate the policies and control and direct the activities of respondent McKinley-Roosevelt, Inc. They likewise formulated the policies and controlled and directed the activities of the other corporations during the time such corporations were actively engaged in business.

PAR. 2. Respondent McKinley-Roosevelt, Inc., is now, and all of the corporate respondents have been, engaged in the sale and distribution of correspondence courses of study and instruction in numerous subjects. Respondent McKinley-Roosevelt, Inc., causes, and all of the corporate respondents have caused, their courses of study and instruction, when sold, to be transported from their places of business in the State of Illinois to purchasers thereof located in various other States of the United States, in the District of Columbia, and also in foreign countries. Respondent McKinley-Roosevelt, Inc., maintains, and all of the corporate respondents have maintained, a course of trade in their courses of study and instruction in commerce between and among the various States of the United States, in the District of Columbia, and between the United States and foreign countries.

PAR. 3. For the purpose of inducing the purchase of its courses of study and instruction, respondent, McKinley-Roosevelt, Inc., inserts advertisements in various magazines having circulation throughout the United States. Of such advertisements the following is typical:

STUDY AT HOME

WITH A CHARTERED EDUCATIONAL INSTITUTION

Courses in Art; Sciences; Philosophy; Education; Psychology; Public Health; Medical Jurisprudence; Sociology; Physics; Chemistry; Pol. Science; Theology; Law; Business Training; Accounting; Mathematics; Statistics; Agriculture; Electrical, Mechanical, Civil, Structural, Diesel, Architectural, Mining, Drafting, Aeronautical, Radio, Highway, Marine, Geology, Petroleum, Industrial, Chemical Engineering. McKinley-Roosevelt Incorporated, 4610 HC Sheridan Road, Chicago (Comm. Ex. 4-A).

To those persons answering such advertisements, said respondent sends various pieces of advertising material, including letters, circulars, catalogs, and pamphlets. Said respondent's letterhead carries, in connection with its corporate name, the legend, "Chartered By The State of Illinois As An Educational Institution." The letterhead also lists, under the caption "Departments," the following: "Law and Letters, Public Health, Architecture, Engineering, Mathematics, Agriculture, Psychology, Accounting, Philosophy, Education, Sociology, Statistics, Chemistry, Theology, Business, Physics, Speech."

Among the various statements contained in the advertising material are the following:

McKinley-Roosevelt, Incorporated, * * * is authorized to confer appropriate degrees and diplomas upon students who have duly completed prescribed courses in various fields of learning, including engineering, the physical, biological and social sciences, and the humanities (Comm. Ex. 2-A).

It is a regularly organized, properly conducted, high-grade Educational Institution (Comm. Ex. 1, p. 6).

Superior Opportunities Offered by Home Study * * * They have led, also, to the development of the most helpful teaching methods and of a highly trained teaching force (Comm. Ex. 6, p. 3).

The courses offered by this institution, leading to a degree, are in every case sufficiently complete and comprehensive and cover a sufficient number of subjects in the particular branch of higher learning. They are equal to, and in many cases superior to similar courses given in resident colleges and universities. That is why we award degrees to our graduates (Comm. Ex. 11-B).

* * * booklet, "Evidence of Results," should convince any employer that our graduates possess an education equal to that afforded by the best resident colleges and universities (Comm. Ex. 16).

Respondent McKinley-Roosevelt, Inc., also uses as a part of its advertising material copies of testimonial letters addressed to it by individuals who have taken its courses of study. Among the statements appearing in such letters are the following:

As a graduate of three European universities and until recently a Consul General of some fourteen years standing, I feel that I have been in a position to

appreciate to the full the very high standard of the McKinley-Roosevelt graduate course in Political Science, which far surpasses anything I have hitherto met. The BCL degree is an inconceivable (sic) useful course and should be the means of preventing those who hold it from many heavy pecuniary losses resulting from a lack of knowledge of Business Law (Comm. Ex. 12).

Dr. J. M. Taylor,
McKinley-Roosevelt, Incorporated,
Chicago, Illinois.

* * * Furthermore, the courses offered by you and your methods and procedure of Home Study Instruction are equivalent to that of resident school work. These statements are based on the premise of my present position in that I am working with engineers that have graduated from some of the leading universities of this country and accordingly my work and rating are as good as, if not better than (in some cases) those of my fellow engineers.

* * * I wish to say that the degrees conferred by you must be recognized as attainments of the highest standard for the reason that my present position with the Federal Government is due to the rating that the Civil Service Commission gave my application which was based on the qualifications that I presented as to my education and experience (Comm. Ex. 10, p. 7).

Already I have derived great value from being able to say to a prospective employer that I am a holder of an A. B. Degree (Comm. Ex. 10, p. 11).

Positions that a decade ago were filled by high school graduates are now strictly reserved for those with a college education. Each year educational requirements of employers become more exacting and even graduates of accredited universities with Bachelor Degrees are learning that they too must secure a Master's or Doctor's degree to advance in their chosen profession (Comm. Ex. 8, p. 7).

I believe that this course is most complete and equals any resident college course in existence (Comm. Ex. 10, p. 31).

Throughout its advertising McKinley-Roosevelt, Inc., emphasizes the matter of the academic degrees awarded by it to its graduates. In addition to the references to degrees in its other advertising, the school frequently sends to prospective students a facsimile of a diploma showing that the degree of "Doctor of Philosophy" was awarded by it to the person named therein.

PAR. 4. Through the use of this advertising material, respondent McKinley-Roosevelt, Inc., has represented, directly or by implication, that it is an educational institution of higher learning, authorized to confer academic degrees which are recognized by other institutions of higher learning and by the United States Civil Service Commission and prospective employers; that it maintains separate departments for many of its courses of study; and that its courses of study are superior or equal to those offered by resident colleges and universities. Said respondent's practice of granting or conferring so-called degrees constitutes within itself a representation that respondent is an institution of higher learning and that such degrees possess academic value and are recognized in the educational field.

PAR. 5. All of these representations are erroneous and misleading. McKinley-Roosevelt, Inc., is in no sense an institution of higher learning. Actually, it is a correspondence school which is operated from an office comprised of three rooms. It has no resident student body, no laboratory, and practically no library. Respondent, Mrs. Jessie M. Taylor, is in charge of the office and has some six girl employees working under her supervision. These girls do the clerical and stenographic work. Although referred to in some of the advertising as "Dr." Taylor, Mrs. Taylor has no academic degree of any kind. The school's faculty has been materially strengthened during recent years. The present faculty consists of two full-time and four part-time instructors. The full-time instructors are respondents, William R. Peacock and Lozier D. Warner. Mr. Peacock holds the degrees of bachelor of science and doctor of jurisprudence. Mr. Warner holds the degrees of bachelor of arts and master of science. Three of the four part-time instructors are practicing engineers in the city of Chicago. All of the three hold the degree of bachelor of science and two of them also have the degree of master of science. These three instructors teach the engineering courses. The fourth part-time instructor is a practicing attorney in Chicago, who teaches the law courses.

The teaching method employed is essentially the same for all subjects. The student is supplied by the school with a standard text book, together with sets of questions covering the various chapters in the book. Sometimes these questions are purchased by the school from outside sources and sometimes they are prepared by the instructors. When the student sends in the answers to the questions the answers are checked and graded by the instructor and returned to the student, together with the instructor's criticism and suggestions.

While the school, like other correspondence schools, may serve a useful purpose, clearly it is not an institution of higher learning and any attempt by it to so represent itself or to confer academic degrees is misleading. Such so-called degrees are in fact worthless from an academic viewpoint; they are accorded no recognition whatever in the educational world. Nor would the purported degrees be recognized by the United States Civil Service Commission, or by any prospective employer having knowledge of the facts in regard to them. The school maintains no "departments," as that term is understood in educational circles. Its courses of study and instruction are in no way equal to those offered by resident colleges and universities.

PAR. 6. Respondent, McKinley-Roosevelt, Inc., was organized in 1941, soon after the Commission issued its order in a proceeding against a corporation known as McKinley-Roosevelt College of Arts and

Sciences (D. 3571). This corporation was operated by respondent Jessie M. Taylor and her husband, Walter Raleigh Taylor, now deceased. After respondent McKinley-Roosevelt, Inc., was organized the other corporate respondents in the present proceeding discontinued their advertising and sales efforts and left the operation of the business to McKinley-Roosevelt, Inc. However, in their contacts with students who had already enrolled, respondents McKinley-Roosevelt Foundation, McKinley-Roosevelt Graduate College and McKinley-Roosevelt University continued to use their corporate names, including the words "Foundation," "College," and "University," and in some cases they also proceeded under such corporate names to confer so-called degrees upon such students.

As in the case of McKinley-Roosevelt, Inc., the practice of these three respondents of granting or conferring so-called degrees constituted within itself a representation that such degrees possessed academic value and were recognized in the educational field. Actually, none of these respondents was an institution of higher learning. They, like their successor McKinley-Roosevelt, Inc., were merely correspondence schools and they operated in substantially the same manner as McKinley-Roosevelt, Inc. The so-called degrees conferred by them were wholly without value and were not recognized in the educational field.

The use by respondent McKinley-Roosevelt Graduate College of the word "College" in its corporate name was misleading and deceptive in that it constituted a representation that this respondent was a college. Likewise, the use by respondent McKinley-Roosevelt University of the word "University" in its corporate name was misleading and deceptive in that it constituted a representation that this respondent was a university. Neither of these respondents was in fact a college or university.

The use by respondent McKinley-Roosevelt Foundation of the word "Foundation" in its corporate name was misleading and deceptive in that it constituted a representation that this respondent was a foundation, when such was not the fact.

PAR. 7. While the complaint contained certain other charges against the respondents, the Commission is of the opinion and finds that such additional charges are not sustained by the record. As to respondent McKinley-Roosevelt Schools, Inc., the Commission finds that none of the charges in the complaint are sustained by the record, and that the complaint should be dismissed as to this respondent. As used hereinafter, the word respondents will not include this corporation.

PAR. 8. The use by respondents of the misleading and deceptive representations herein set forth has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such representations are true, and the tendency and capacity to cause such portion of the public to purchase respondents' courses of study and instruction as a result of such erroneous and mistaken belief.

CONCLUSION

The acts and practices of the respondents, as herein found, 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 the respondents, testimony and other evidence introduced before a trial examiner of the Commission theretofore duly designated by it, report of the trial examiner and the exceptions thereto, 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 certain of the respondents have violated the provisions of the Federal Trade Commission Act:

1. *It is ordered*, That respondent, McKinley-Roosevelt, Inc., a corporation, and its officers, and respondents Jessie M. Taylor, William R. Peacock and Lozier D. Warner, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of courses of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Representing, through the granting or conferring of so-called degrees or by any other means, that said corporation is an institution of higher learning authorized to confer degrees possessing academic value and recognized in the educational field.

(b) Representing, directly or by implication, that purported degrees granted or conferred by said corporation are recognized by the United States Civil Service Commission or by employers or prospective employers.

(c) Representing, directly or by implication, that said corporation maintains separate departments for its courses of study.

(d) Representing, directly or by implication, that said corporation's courses of study are superior or equal to those offered by resident colleges or universities.

2. *It is further ordered*, That respondent, McKinley-Roosevelt University, a corporation, and its officers, and respondents, Jessie M. Taylor, William R. Peacock, and Lozier D. Warner, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of courses of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Representing, through the granting or conferring of so-called degrees or by any other means, that said corporation is an institution of higher learning authorized to confer degrees possessing academic value and recognized in the educational field.

(b) Using the word "University," or any simulation thereof, as a part of said corporation's corporate or trade name, or otherwise representing, directly or by implication, that said corporation is a university.

3. *It is further ordered*, That respondent McKinley-Roosevelt Graduate College, a corporation, and its officers, and respondents Jessie M. Taylor, William R. Peacock, and Lozier D. Warner, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of courses of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Representing, through the granting or conferring of so-called degrees or by any other means, that said corporation is an institution of higher learning authorized to confer degrees possessing academic value and recognized in the educational field.

(b) Using the word "College," or any simulation thereof, as a part of said corporation's corporate or trade name, or otherwise representing, directly or by implication, that said corporation is a college.

4. *It is further ordered*, That respondent, McKinley-Roosevelt Foundation, a corporation, and its officers, and respondents, Jessie M. Taylor, William R. Peacock, and Lozier D. Warner, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of courses

of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(a) Representing, through the granting or conferring of so-called degrees or by any other means, that said corporation is an institution of higher learning authorized to confer degrees possessing academic value and recognized in the educational field.

(b) Using the word "Foundation," or any simulation thereof, as a part of said corporation's corporate or trade name, or otherwise representing, directly or by implication, that said corporation is a foundation.

5. *It is further ordered*, That the complaint herein be, and it hereby is, dismissed as to respondent McKinley-Roosevelt Schools, Inc.

6. *It is further ordered*, That all of the respondents named in paragraphs 1, 2, 3 and 4 above 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.

IN THE MATTER OF
WATTS-WAGNER CO., INC., ALLEN P. WAGNER AND
WILLIAM W. WAGNER

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

Docket 5005. Complaint, July 15, 1943—Decision, June 27, 1947

The word "weld," when used in relation to metals, is generally defined as a localized union or consolidation of metals, and is so understood in metal industries and by the public.

A weld is usually employed to make a joint that is expected to have strength and transmit stress, and can be made by a number of processes. Thus in some instances metals may be heated to temperatures below their fusion temperatures and consolidation brought about by pressure; in others metals may be heated to or above fusion temperature, followed by the application of pressure; and in still others metals may be fused at the surfaces to be joined by the application of heat with or without the application of fused metal from a filler rod but without the application of pressure.

Where a corporation and two individuals, who were officers thereof, engaged in the interstate sale and distribution to automotive jobbers and dealers who resold largely to garages and other auto repair shops and the consuming public, of their "Perma-Weld" liquid compound for use in repairing cracks in cylinder heads, water jackets, and various parts of automotive engines and other machinery, which set or hardened upon exposure to air and mild heat, and was intended to fill or plug cracks or small holes in articles of metal; through use of said designation, and through advertisements in periodicals, circulars, and other advertising materials—

- (a) Falsely represented, directly or by implication, that their said product, when used as directed, would cause a union, consolidation, or fusion of the cracked or damaged parts of engines and other machinery, such as would be accomplished by a welding process; and,
- (b) Represented further, falsely, that repairs made by use thereof were such as would result from use of a welding or fusing process, and, through use of the prefix "Perma-" as a part of their said designation, that such repairs would be lasting and constituted a permanent weld;

The facts being that their said product would not accomplish a weld, it did not, as made clear by testimony of an expert witness from the Bureau of Standards, fasten broken pieces of metal together in a substantial way which would withstand any material stress or vibration; process involved in use thereof differed from the so-called "cold welding process"—to which they called attention—in which use of such a sealer constitutes an incidental part and in which cracked parts are held together by bolts: and there was, therefore, no proper basis for representation of permanency;

With capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such representations were true: