

IN THE MATTER OF
**TEMPLE BAR COLLEGE, HILMER B. SANDINE, L. B.
 RENNEWANZ AND J. O. KINNAMAN**

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
 OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914

Docket 5150. Complaint, Apr. 15, 1944—Decision, July 3, 1947

Where K., who (1) was engaged, along with R., in interstate sale and distribution of courses of home study in various subjects, and in issuance and sale of college degrees without requiring purchasers to complete courses of study necessary to issuance thereof, and in conducting, for their own personal advantage and gain, as though no corporate entity existed, the affairs of a corporation and its successor—the corporate names of which respectively included the word “College”, and the words “Extension College,” and the business of which was carried on by said R., the only person with an active interest therein, from rented desk space in a Seattle office, under the designations “Educational Director,” and “Chairman, Board of Trustees”; and who (2) was a traveling lecturer on religious subjects and was listed in the original catalog as a member of the faculty, and in that of its successor as “Director, Divinity Department,” and as Advisory Member of said college, and who had prepared some courses of study in Biblical archeology and corrected and graded papers submitted by correspondence students taking such particular courses;

Acting under a plan of procedure devised and developed by them—

- (a) From time to time contacted prospects for various degrees, recommended the issuance of the degrees to such individuals, collected from them the cost and remitted it to said R., and in many instances personally and publicly conferred the degrees upon such purchasers; with no requirement whatsoever other than the payment of the fee, prior to 1941, and with the requirement thereafter that the candidate write and submit a thesis upon some subject agreeable to him and to said K.; and
- (b) From time to time made suggestions in connection with the kind of degree which should be issued, and also with reference to the form and nature of the thesis which might be required; in several instances objected to the use of the word “Extension” in the name of the college on the degree and, on one occasion, requested that an old form carrying the name of the original corporation and including therein the word “College” rather than “Extension College” be made use of; and

Where said R., pursuant to such request—

- (c) Advised said K. that she had reserved an old degree of the prior corporation for issuance to the candidate and supplied K. with an application for degree, formerly used by said prior corporation;

The facts being that the business in question was not an institution of higher learning; it had no faculty, and no degrees issued under either corporate name were recognized by any reputable institution of higher learning; and the preparation and submission of a thesis in connection with the obtaining of a degree was a subterfuge, as there was no one connected with said individuals or corporation, qualified to give consideration to such a thesis,

and there was no evidence that any thesis submitted was ever read or considered in the said connection; and

Where the aforesaid individuals, through such acts and practices—

- (d) Represented that degrees recognized and accredited in the educational world could be obtained in the various learned subjects on the payment of a purchase price, without the necessity of pursuing such subjects through a regular course of resident study at a duly accredited and recognized institution of higher learning;

With tendency to induce prospective students and purchasers to enroll for their courses of study, and to purchase their degrees, in the mistaken belief that said individuals were conducting an institution of higher learning and that the degrees issued by them were recognized and accredited in the educational world:

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.

In a proceeding in which (1) it appeared that a corporation—which included the word “College” in its corporate name and the business of which consisted of the sale of home study courses, with no learned faculty such as pertains to an institution of higher learning, and which sold degrees to applicants therefor, with no requirement other than payment of a fee, as above set forth—discontinued business as the result of an investigation by the Commission, and was transferred by its owner to another individual who organized a new Minnesota corporation with the word “College” included in its corporate name thereof; (2) it was alleged that said new corporation and said transferee its vice president, respondents in proceeding in question, falsely represented through the use of such corporate name and otherwise that said corporation or “college” was an institution of higher learning, equipped to teach the arts, sciences, and theological subjects, with power and authority to confer degrees in said subjects, recognized and accredited in the educational world and by other recognized colleges and universities, etc.; (3) it failed to appear from the record that said vice president ever participated in the conduct of the business of said corporate instrumentality or ever engaged in any of the acts and practices of the other individual respondents; and (4) said vice president testified that such “college” was incorporated to educate students for the ministry, that he advertised for students and for funds to open and conduct the same, that a faculty for said college had been selected, and that it was proposed that it be conducted under the supervision of a group of Congregational ministers; but (5) refused to name the members of the faculty or the group of ministers who, he claimed, controlled the college: the Commission, in the absence of direct testimony, could not infer, by reason of said refusal merely, that no such faculty or group existed.

In said proceeding in which (1) it appeared that a corporation which included the word “College” in its corporate name and the business of which consisted of the sale of home study courses, with no learned faculty such as pertains to an institution of higher learning, and which sold degrees to applicants therefore, with no requirement other than payment of a fee, as above set forth, discontinued business as the result of an investigation by the Com-

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mission, and was transferred by R., owner thereof, to one S., who organized a new Minnesota Corporation which also included the word "College" in its corporate name; (2) it was alleged that said new corporation and said S., vice president thereof, respondents in proceeding in question, falsely represented through the use of such corporate name and otherwise that said corporation or "college" was an institution of higher learning, equipped to teach the arts, sciences, and theological subjects, with power and authority to confer degrees in said subjects, recognized and accredited in the educational world and by other recognized colleges and universities, etc.; (3) it failed to appear from the record that said S. ever participated in the conduct of the business of said corporate instrumentality or ever engaged in any of the acts and practices adopted and followed by said R. and K., his associate therein; and that (4) said S. testified that such college was incorporated to educate students for the ministry, that he advertised for students and for funds to open and conduct the same, and that a faculty for said college had been selected and that it was proposed that it be conducted under the supervision of a group of Congregational ministers; but (5) refused to name the members of the faculty or the group of ministers who, he claimed, controlled the college; and (6) it further appeared that since said purchase by S., the business of such college had been conducted by him from his residence as a business of a promotional nature entirely, and that the college as such never entered into operation in its home State of Minnesota: It was the opinion of the Commission—in the absence of evidence that said respondents had entered into the business of conducting an institution of higher learning or had enrolled any students as the result of promotional advertising issued by them at the time of the complaint herein—that the charges of the complaint as to said Minnesota corporation and its vice president had not been sustained by the greater weight of the evidence.

Before *Mr. Andrew B. Duvall*, *Mr. Miles J. Furnas* and *Mr. J. Earl Cox*, trial examiners.

Mr. William L. Pencke for the Commission.

Mr. Charles H. Rowan, of Milwaukee, Wis., for Temple Bar College and Hilmer B. Sandine.

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 Temple Bar College, a corporation, and Hilmer B. Sandine, individually and as vice president of Temple Bar College, L. B. Rennewanz, and J. O. Kinnaman, individuals, 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:

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PARAGRAPH 1. Respondent Temple Bar College is a corporation organized and existing under the laws of the State of Minnesota, with its principal office and place of business located at 4717 Pillsbury Avenue, Minneapolis, Minn.

Respondent Hilmer B. Sandine is an individual, and the vice president of said corporation, residing at 4717 Pillsbury Avenue, Minneapolis, Minn.

Respondent L. B. Rennewanz is an individual whose last known business address is Room 708, 1411 Fourth Avenue, Seattle, Wash., and who resides at 6808 Oswego Place, Seattle, Wash.

Respondent J. O. Kinnaman is an individual who resides at Ocean View Hotel, Long Beach, Calif.

PAR. 2. Respondent Hilmer B. Sandine formulates, controls and directs the policies and practices of the respondent corporation Temple Bar College. Temple Bar College was organized on or about April 9, 1943, for the purpose of operating a Congregational college and seminary offering courses of study in liberal arts and religious subjects, both in residence and through home study. Said respondent corporation, in the course and conduct of said business during the time aforesaid, causes said courses of home study and instruction in the subjects aforesaid when sold to be transported from its said place of business in the State of Minnesota to the purchasers thereof located in States other than the State of Minnesota, and in the District of Columbia. Respondent Hilmer B. Sandine is also editor of the Congregational Christian Beacon, a magazine published in Minneapolis, Minn.

Respondent L. B. Rennewanz is an individual who formerly acted as Educational Director of Temple Bar Extension College, Inc., a corporation which existed under the laws of the State of Washington up to May 24, 1943, with its principal office and place of business in the city of Seattle, Washington. Said respondent was also the sole active officer of said Temple Bar Extension College, Inc., and as such transacted all of its affairs.

Respondent J. O. Kinnaman was director of the divinity department and one of the so-called advisory members of said Temple Bar Extension College, Inc., and furnished to said corporation the names of prospective candidates for various degrees and occasionally conferred degrees upon such candidates. He is also an associate editor of the Congregational Christian Beacon of which respondent Hilmer B. Sandine is editor. The designation of doctor of divinity signified by the letters D. D., appearing after respondent's name in said publi-

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cation, was obtained by him from said Temple Bar Extension College, Inc.

PAR. 3. There is now and has been at all times hereinafter mentioned a course of trade in said courses of instruction so sold and distributed by respondent Temple Bar College in commerce between and among the various States of the United States and in the District of Columbia.

There are other persons, firms, corporations, schools, and universities that have been and are engaged in offering and giving resident courses of instruction in science, art, philosophy, and theological subjects and in offering for sale, selling, and transporting in commerce between and among the various States of the United States courses of study and instruction in various theological and related subjects, and respondent Temple Bar College is engaged in substantial competition with such concerns in the sale of courses of study and instruction, as herein set out.

PAR. 4. In the course and conduct of its business, respondent Temple Bar College, by means of circulars and advertisements in religious publications and otherwise, which said circulars and publications are circulated by mail among prospective students or members of the public generally in the various States of the United States, other than the State of Minnesota, solicits the purchase of said courses of study and instruction and attendance at said respondent's school. Typical of the representations made in said advertising material are the following:

TEMPLE BAR COLLEGE

Minneapolis, Minn.

A NEW CONGREGATIONAL COLLEGE AND SEMINARY CHARTERED BY THE STATE OF MINNESOTA TO PROVIDE EFFECTIVE AND SCHOLARLY TRAINING FOR YOUNG MEN AND WOMEN FOR THE CHRISTIAN MINISTRY AND FULL TIME CHRISTIAN SERVICE BASED ON THE OLD TIME GOSPEL FAITH.

THE PLAN

is to provide our Congregational Christian young people in the Midwestern and Northwestern States with a Conservative, Evangelical College and Seminary where they can receive adequate education at a minimum cost. We invite the interest and investigation of young people and the cooperation and support of our pastors and conservative churches.

AN ACCELERATED PROGRAM IS OFFERED

PURPOSE

To conform with Government's request to dispense with long vacations and to meet war emergencies. * * * To accelerate pre-professional and profes-

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sional courses, thus making students available for chaplaincy in Army and Navy and for pastors in churches. * * * To aid pre-theological students to meet government requirements within specified time.

COLLEGE DEPARTMENT

Offers standard College Work for B. A. and B. S. degrees—which can now be earned in three full years on accelerated program. Graduate work for graduate students. No Fraternities—No Sororities—One Big Christian Family.

THE GRADUATE SCHOOL OF THEOLOGY

Offers standard Theological Courses leading to B. Th., S. T. B., and B. D. degrees. Either of these can be earned in two full years on accelerated program. Graduate work for graduate students. A full seminary curriculum taught by a scholarly and evangelical faculty,

SUPPORTERS

Here's

A Great Opportunity

WANTED!

Every Day This Cry Comes from Churches

Looking for Pastors * * *

PROSPECTIVE

STUDENTS

Enroll Today

Never has the NEED for trained conservative pastors been greater—than today. Hundred of Churches want pastors who are prepared, equipped, and qualified, spiritually and academically! The vast number of pastors going into chaplaincy have left many vacancies behind which cannot be filled for the present because of the lack of available men. The NEED for tomorrow will be greater than the need today!

Will you be among the qualified ones tomorrow to step into the gap as a fearless minister of the Lord Jesus Christ?

PAR. 5. By means of the foregoing statements and others of like tenor and effect, the respondent Temple Bar College represents and implies that it is a college and seminary providing competent training for persons desiring to enter the ministry and to obtain collegiate training in the arts and sciences, leading to appropriate degrees in said subjects of theology, arts, and sciences; that there is maintained a graduate school of theology offering courses leading to several doctor's degrees in theology, and that said graduate school is headed by a learned faculty competent to teach the subjects offered.

Through the use of the word "college" in the corporate name and the advertising literature of said respondent, it is represented and implied that said Temple Bar College is an institution of higher learning, offering instruction in the arts, sciences, philosophy, and theology, with a faculty of instructors qualified to teach said subjects, and that the members of such faculty possess degrees from accredited and recognized colleges and universities; that said respondent maintains adequate equipment and facilities, including class rooms, buildings, libraries and laboratories; for the use of resident students and faculty;

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and that said respondents has power to confer academic degrees upon its graduates which are recognized and accredited by other recognized and accredited colleges and universities.

PAR. 6. In truth and in fact Respondent Temple Bar College is not a college or seminary as said designations are generally understood in the educational world. Said business is situated in the residence of respondent Hilmer B. Sandine. There are no buildings or other equipment suitable for class rooms, libraries and laboratories for the use of students and faculty, nor is there a faculty composed of learned men competent and qualified to teach the subjects offered for study by said respondent. The degrees listed and described in said respondent's advertising literature are not recognized by other colleges, universities and institutions of higher learning, and students who have pursued respondent's courses of study will not be given credit for their work by them. In truth and in fact, no full seminary curriculum is taught by a scholarly and evangelical faculty, but on the contrary, respondent Hilmer B. Sandine is the only resident teacher; and the degrees of doctor of philosophy and doctor of divinity, designated by the letters Ph. D. and D. D. following his name in the advertising literature, are not degrees earned at reputable, accredited institutions of learning and are not recognized as valid degrees by any accredited, recognized college or university.

PAR. 7. At the time the Temple Bar Extension College, Inc., described in paragraph 2 hereof, was in existence in Seattle, Wash., Respondent Hilmer B. Sandine, was an advisory member thereof; and when said corporation was dissolved, and respondent Sandine organized respondent Temple Bar College in Minneapolis, Minn., the active enrollees of the old Temple Bar Extension College, Inc., were transferred, under an agreement with respondent Rennewanz, to the new school at Minneapolis for the purpose of enabling them to complete the courses of study for which they had enrolled, under their respective contracts with said Temple Bar Extension College, Inc., which included a provision for the delivery of a degree or diploma in the subjects for which said students had enrolled. In truth and in fact, no degree issued either by said Temple Bar Extension College Inc., nor by respondent Temple Bar College is recognized by any institution of learning, for the reasons set forth in paragraph 6 hereof.

PAR. 8. Respondent L. B. Rennewanz was designated as educational director of Temple Bar Extension College, Inc., described in paragraph 2 hereof; and up to the dissolution of said corporation carried on all of the business of said corporation which included the mailing of lesson material to purchasers of courses of study situated in States

other than the State of Washington, and the delivery of degrees and diplomas to such purchasers at the conclusion of said courses. Said respondent also furnished degrees to purchasers thereof whose names had been given her by respondent J. O. Kinnaman in the manner hereinafter more fully set out. Said purchasers pursued no courses of study, and while some of them sent in a thesis, a substantial number received doctor's degrees solely upon payment of a monetary consideration. In truth and in fact, said Temple Bar Extension College, Inc., was not an institution of learning, or a college as the term is understood in the educational world and more fully described in paragraph 6 hereof, but on the contrary, was a business operated by respondent L. B. Renewanz from an office in Seattle, Wash., in which she had rented a desk space; and said respondent constituted the entire personnel of said college. There was neither a faculty, nor any equipment or facilities for the conduct of an educational institution. While said respondent was designated educational director, she was not by training or experience qualified to teach or correct papers in the several subjects offered by said Temple Bar Extension College, Inc.

PAR. 9. Respondent J. O. Kinnaman is a traveling lecturer on religious subjects who was listed in the catalog of Temple Bar Extension College, Inc., as director of the divinity department and an advisory member. In truth and in fact said respondent performed no duties of function at the office of Temple Bar Extension College, Inc., but devoted substantially all of his time to the conduct of his own business as a traveling lecturer. During the existence of said last named school, respondent Kinnaman furnished the names of numerous individuals, residing in various States of the United States as proper candidates for the degrees of doctor of divinity, doctor of philosophy and doctor of laws, in many instances recommending such individuals as qualified or worthy to receive said degrees without any requirement as to previous study with said Temple Bar Extension College, Inc., or any other proof of educational attainments other than the assurance by said respondent Kinnaman that the persons suggested or recommended by him are so qualified. In some instances said respondent insisted on degrees being given on diplomas printed for the then dissolved Temple Bar College which had had its offices in Missoula, Mont., in order to avoid the appearance of the words "Extension" and "Inc." on said diplomas and thereby furthering the impression that the degrees so conferred were granted by a resident institution of learning. Said respondent Kinnaman obtained his degree of doctor of philosophy from said Temple Bar Extension College, Inc. In truth and in fact, none of the degrees so

obtained and conferred are recognized as valid degrees by any reputable accredited college or university for the reasons set forth in paragraph 6 hereof.

PAR. 10. The false, misleading and deceptive practices of respondents Temple Bar College and Hilmer B. Sandine, as hereinabove described, in using the term "college" in the trade name and advertising literature of said Temple Bar College as representing and implying that it is an institution of higher learning, equipped to teach the arts, sciences and theological subjects, with power and authority to confer degrees in said subjects which are recognized and accredited in the educational world and by other recognized colleges and universities; in representing and implying to students and prospective purchasers of respondent Temple Bar College's correspondence courses of study or resident students that the degrees offered in said subjects of higher learning are valid degrees and so recognized; in representing that respondent Temple Bar College is a resident institution of higher learning, properly equipped and with a faculty of competent teachers, qualified to teach the theological subjects offered by it; and the false, misleading and deceptive practices of respondents L. B. Rennewanz, J. O. Kinnaman, and Hilmer B. Sandine in representing and implying that degrees in various learned subjects may be obtained on payment of a purchase price or without the necessity of pursuing such learned subjects through a regular course of resident study at a duly accredited and recognized institution of learning—all have a tendency to and do induce prospective students and purchasers of respondents' courses of study and instruction to subscribe to and enroll for said courses in the erroneous and mistaken belief that said representations and statements of respondents as herein set forth are true.

PAR. 11. There are among competitors of respondents, individuals, corporations, schools, universities and colleges who sell and distribute courses of study and instruction in the arts, sciences and theology to purchasers thereof who truthfully represent their said courses of study and instruction.

PAR. 12. 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 misrepresentations are true; further, as a direct consequence of such erroneous and mistaken belief induced by the afore-said acts and representations of the respondents, a substantial number of the consuming public has purchased respondents' courses of

study and instruction. As a result of said acts and practices, substantial trade in commerce has been unfairly diverted to the respondents from respondents' competitors in said commerce who do not misrepresent their courses of study and instruction to the injury of said competitors.

PAR. 13. The aforesaid acts and practices of respondents as herein alleged are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on April 15 1944, issued and subsequently served its complaint in this proceeding upon the respondents Temple Bar College a corporation, Hilmer B. Sandine, individually and as vice president of Temple Bar College, L. B. Rennewanz and J. O. Kinnaman, charging them with 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 the answers of the respondents thereto, testimony and other evidence in support of and in opposition to the allegations of the complaint were taken before Andrew B. Duvall and Miles J. Furnas, trial examiners 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 upon said complaint, answers thereto, testimony and other evidence, report of trial examiner Andrew B. Duvall upon the evidence and exceptions filed thereto, and briefs filed in support of the complaint and brief and supplementary brief filed by respondents Temple Bar College, a corporation, and Hilmer B. Sandine, and oral argument of counsel, and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Temple Bar College is a corporation organized and existing under the laws of the State of Minnesota, with

its principal office and place of business located at 4717 Pillsbury Avenue, Minneapolis, Minn.

Respondent Hilmer B. Sandine is an individual and the vice president of Temple Bar College, residing at 4717 Pillsbury Avenue, Minneapolis, Minn.

Respondent L. B. Rennewanz is an individual whose address is 6808 Oswego Place, Seattle, Wash.

Respondent J. O. Kinnaman is an individual who resides at Ocean View Hotel, Long Beach, Calif.

PAR. 2. The original Temple Bar College was organized as a Montana corporation with its principal office at Missoula, Mont. In 1939 the principal place of business of said Temple Bar College was moved to 1620 Thirteenth Avenue, Seattle, Wash., and said college was incorporated under the laws of the State of Washington. In 1941 the name was changed to Temple Bar Extension College, Inc.

During the period from 1939 to 1943, the respondent L. B. Rennewanz, with the active cooperation of respondent J. O. Kinnaman, transacted all of the affairs of said college. The business of said college was conducted by the respondent L. B. Rennewanz from an office in Seattle, Wash., in which she rented desk space. Said respondent variously designated herself as educational director and as chairman, board of trustees.

During the period herein mentioned, said respondents L. B. Rennewanz and J. O. Kinnaman were engaged in the sale and distribution of courses of home study and instruction in various subjects. Said respondents caused said courses of home study, when sold, to be transported from their place of business in the State of Montana to purchasers thereof located in the various States of the United States. In addition to the sale of said courses of home study, said respondents were actively engaged in the issuance and sale of various college degrees to purchasers thereof, without the requirement of such purchasers completing courses of study necessary to the issuance of such degrees.

PAR. 3. Respondent J. O. Kinnaman, who was also a traveling lecturer on religious subjects, was listed in the original catalog of the Temple Bar College as a member of the faculty and in the catalog of its successor, Temple Bar Extension College, Inc., as director divinity department and as an advisory member of said college. Said respondent J. O. Kinnaman prepared some courses of study in Biblical archeology and corrected and graded papers submitted by correspondence students taking this particular course.

PAR. 4. Under the plan of procedure devised and developed by said respondents, the respondent J. O. Kinnaman from time to time contacted prospects for various degrees and in such instances he recommended the issuance of the degrees to the various individuals so contacted, collected the cost of such degrees from the purchaser, remitted same to the respondent L. B. Rennewanz at Seattle, Wash., and when the degrees were issued, in many instances personally and publicly conferred said degrees upon the purchasers thereof. During the early operation of said business, and prior to 1941, such degrees were issued without any requirement whatsoever other than the payment of the fee for issuance thereof. After 1941, it was required that the candidate for a degree write and submit a thesis upon some subject agreeable to the candidate and said respondent J. O. Kinnaman.

The Commission finds that the preparation and submission of a thesis in connection with the obtaining of a degree was a subterfuge, as there was no one connected with the respondents or the Temple Bar Extension College, Inc., who was qualified to give consideration to such theses and there is no evidence that any thesis submitted was ever read or considered in connection with the issuance of any degree.

The respondent J. O. Kinnaman from time to time made suggestions in connection with the kind of a degree which should be issued and also with reference to the form or nature of the thesis which might be required. In several instances he objected to the use of the word "extension" in the name of the college, which appeared on the degree, and in one instance he requested that an old form of degree, carrying the name Temple Bar College be issued although such issuance was subsequent to the change of name of the corporation to Temple Bar Extension College, Inc. Pursuant to this request, the respondent L. B. Rennewanz advised said respondent J. O. Kinnaman that she had reserved an old Temple Bar College degree for issuance to the candidate and in addition supplied J. O. Kinnaman with an application for degree which was formerly used by the Temple Bar College.

Although the Temple Bar College and its successor, Temple Bar Extension College, Inc., were corporate entities organized under the laws of the State of Washington, the only person who had an active interest in said corporations was L. B. Rennewanz, who, with the cooperation of respondent J. O. Kinnaman, conducted the affairs of said corporations for their own personal advancement and gain as though no corporate entity existed. The business so conducted was not that of an institution of higher learning as there was no faculty connected with said school and no degrees issued under the name of Temple Bar

College or Temple Bar Extension College, Inc., were recognized by any reputable institution of higher learning.

PAR. 5. In 1943, as the result of investigation by the Federal Trade Commission, the Temple Bar Extension College, Inc., discontinued business and said respondent L. B. Rennewanz transferred the corporation to respondent Hilmer B. Sandine, who organized the Temple Bar College, Minnesota corporation. It does not appear from the record that respondent Hilmer B. Sandine ever participated in the conduct of the business of the Temple Bar Extension College, Inc., or that he ever engaged in any of the acts and practices adopted and followed by the respondents L. B. Rennewanz and J. O. Kinnaman.

Respondent Hilmer B. Sandine testified that after the purchase of said Temple Bar Extension College, Inc., Temple Bar College was incorporated for the purpose of educating students for the ministry, principally as ministers for the Congregational Christian churches. In this connection, said respondent advertised for students and for funds to open and conduct said college. Respondent Hilmer B. Sandine also testified that a faculty for said college had been selected, and that it was proposed that the college be conducted under the supervision of a group of Congregational ministers. The respondent refused to name the members of the faculty or the group of ministers whom he claimed controlled the college. In the absence of direct testimony, the Commission cannot infer that no such faculty or group of ministers existed, merely by reason of respondent's refusal to name such parties.

Since 1943, when the Temple Bar Extension College, Inc., was purchased by said respondent Hilmer B. Sandine, the business of said college has been conducted by said respondent Hilmer B. Sandine from his residence. It appears for the record, however, that the business so conducted was entirely of a promotional nature, and that the college as such never entered into operation in the State of Minnesota. In the absence of evidence that said respondents, Hilmer B. Sandine, and Temple Bar College, a Minnesota corporation, had entered into the business of conducting an institution of higher learning or had enrolled any students as the result of promotional advertising issued by said respondents at the time of the issuance of the complaint herein, it is the opinion of the Commission that the charges of the complaint as to Temple Bar College, the Minnesota corporation, and Hilmer B. Sandine, individually and as vice president of Temple Bar College, have not been sustained by the greater weight of the evidence.

PAR. 6. The Commission finds that the acts and practices of the respondents L. B. Rennewanz and J. O. Kinnaman in representing that degrees recognized and accredited in the educational world could be obtained in various learned subjects on the payment of a purchase price, without the necessity of pursuing such learned subjects through a regular course of resident study at a duly accredited and recognized institution of higher learning, had a tendency to induce prospective students and purchasers of respondents' courses of study and degrees to subscribe to and enroll for said courses and to purchase such degrees in the erroneous and mistaken belief that said respondents were conducting an institution of higher learning, and that the degrees issued by them were recognized and accredited in the educational world.

CONCLUSION

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

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, answers of the respondents, testimony and other evidence in support of the allegations of the complaint taken before Andrew B. Duvall and Miles J. Furnas, trial examiners of the Commission theretofore duly designated by it, report of trial examiner Andrew B. Duvall upon the evidence, and briefs filed in support of the complaint and brief and supplementary brief filed by respondents Temple Bar College, a corporation, and Hilmer B. Sandine, and oral argument of counsel, and the Commission having made its findings as to the facts and its conclusion that the respondents L. B. Rennewanz and J. O. Kinnaman have violated the provisions of the Federal Trade Commission Act:

It is ordered, That respondents L. B. Rennewanz and J. O. Kinnaman, individuals, and 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 courses of study and instruction in liberal arts, religious subjects, and other subjects of higher learning, and in the issuance of degrees, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication that respondents are offering for sale or sell courses of study and instruction in an accredited educational institution of higher learning.

2. Representing, directly or by implication, that respondents can supply purchasers with a degree issued by a duly qualified and accredited educational institution of higher learning authorized to confer academic or scientific titles or rank without the necessity of pursuing a regular course of resident study at such qualified and accredited institution of higher learning.

3. Representing, directly or by implication, that any correspondence school, without a recognized and qualified faculty, is an accredited institution or that it is authorized to confer academic or scientific degrees.

4. Representing, directly or by implication, that the degrees or similar documents issued by any correspondence school without a recognized and qualified faculty are recognized by any reputable college or university.

It is further ordered, That the complaint herein be, and it hereby is, dismissed without prejudice as to the respondents Temple Bar College, a corporation, and Hilmer B. Sandine, individually and as vice president of Temple Bar College.

It is further ordered, That respondents L. B. Rennewanz and J. O. Kinnaman 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.

Syllabus

IN THE MATTER OF

GEORGE D. NEWMAN, INDIVIDUALLY AND TRADING AS
KIDDIELAND STUDIOS AND BEACON STUDIOSCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SECTION 5 OF AN ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914*Docket 5425. Complaint, Mar. 4, 1946—Decision, July 15, 1947*

Where an individual engaged in the production and interstate sale and distribution of plain and tinted or colored photographs and enlargements thereof, and in contacting prospective customers through advertisements in newspapers, periodicals, business directories and circulars, and through sales representatives including particularly so-called coupon or "caller-out" salesmen, whom he supplied with credentials, attractive samples, and printed certificates or "special offer" coupons which were sold for 95 cents or other stated sum and purportedly entitled the customer to receive without additional cost a photograph of specific size, type, and finish—

- (a) Represented, through said coupon salesman, to the prospective purchaser, that he was not obligated to buy any photograph other than the one for which 95 cents or other sum was paid in connection with the said "special offer," and led and induced customers to believe that such original coupon picture offered was a bona fide one not related to or connected with or conditioned upon any other transaction or contractual arrangement;

The facts being such offers were not made in good faith, but to obtain a down payment from the customer and place him in a position of losing the same unless, in response to high pressure tactics of subsequent agents presenting proofs, who sought to induce him to purchase further pictures at greatly increased prices, he yielded to such demands, after being informed that if he did not order at least three additional pictures he would get nothing; and, in cases where a coupon customer refused to make such additional purchases, no further consideration was given him and his complaints were ignored, with the result that he lost the 95 cents or other sum invested in the coupon or certificate;

- (b) Represented to the customer, through salesmen, that the picture would be taken on the date he selected and at the time specified, that proofs would be shown on a certain date, and the finished picture be delivered on a named date; and

- (c) Represented that the pictures to be made would be identical with the samples exhibited and corresponding to the number ordered;

The facts being that, while during the war delay in furnishing finished products was frequently due to his inability to secure photographic paper, and in some instances the inferior quality of photographic paper, on many occasions sitting for photographs, return of proofs and delivery of finished pictures were not made in compliance with his said sales representations; photographs delivered were inferior in character, quality, and workmanship to the samples used in effecting sales, and particularly so in the case of the refusal of a coupon purchaser to order additional photographs; and fewer photographs were delivered than were ordered and paid for;