

Syllabus

IN THE MATTER OF

MARKUS-CAMPBELL COMPANY, NATIONAL ACADEMY OF
DRESS DESIGN, AND NATIONAL BAKING SCHOOL,
ET AL.

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

Docket 5235. Complaint, Oct. 18, 1944—Decision, Dec. 18, 1947

Where three corporations, the first of which owned the other two and operated under various trade names, and two individuals, who were officers of all three; engaged in publishing educational books and home study courses in a variety of vocational subjects, and in interstate sale of said courses, and in advertising them through circulars, pamphlets, newspapers, and periodicals;

In advertising their business conducted under the name of "National Academy of Dress Design" which, beginning with one teacher on a part-time basis, included in addition, at the time herein concerned, four full-time instructors, all of whom were graduates of resident schools of dress design and had had substantial experience—

- (a) Represented that practical, personalized home study training was given under the guidance of designers and stylists, enabling students to enter a successful career, to open salons upon graduation, and to build up a clientele that would more than pay for the cost of the course before it was completed; and
- (b) Represented that numerous positions including those of stylists, dress designers, stage costume designers, fashion illustrators, and style consultants in the dress-designing industry and its branches were available to graduates; and that no previous experience was necessary to attain such results;

The facts being that their said advertising claims were greatly exaggerated and were not warranted; and that students who completed their courses could not, without aptitude or practical experience, become experts in said trades or professions, or earn good incomes or establish their own business, and were not enabled, after completing a few lessons in the respective courses, to earn enough money to pay therefor;

- (c) Made use of the name "McCall" in the title of certain advertising material used in connection with their said "National Academy of Dress Design," namely "a career in costume designing by L. L. McCall, Director, National Academy of Dress Design," with tendency and capacity to mislead members of the public into the belief that there was a connection between their school of dress designing and McCall's Magazine and McCall's Pattern Book, well and favorably known national publications, and recognized authorities in the field of dress designing and patterns; and

- (d) Represented to prospective students that they would be supplied with a dress design outfit having a retail value of from \$8 to \$10, when in fact value of the equipment actually supplied by them was less than the stated amounts;

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- In advertising their business conducted as the "National Baking School," course in which was prepared some 9 years before by three expert bakers; and which, from 1940 to 1943, was handled exclusively by a woman who had had some experience in home economics and domestic science but none in the baking industry; and thereafter with the help of a professional teacher and lecturer on cooking and nutritional education, who was employed on a part-time basis and devoted about 25 hours a week to their school (about 95 percent of the students in which were engaged in the baking industry, and the rest of whom had been in that industry before enrolling in said school)—
- (e) Represented falsely that students were under the guidance of practical baking men who were in close contact with everyday baking problems; that a short time during spare hours devoted to study would qualify a person for well-paid positions in said industry; and that the training was personally supervised by practical bakers;
- In advertising their course of 80 lessons under the trade name of "American School of Photography," which was carried on by a full-time employee of another organization, with many years' experience, who devoted his spare time to said school, taking care of prints and acting as consultant; and by a woman whose only training in photography consisted of having studied said course, and who checked students' lessons against model answers;
- (f) Made the exaggerated and unwarranted representations that there were splendid opportunities for persons who studied photography at home in their spare time; that no previous experience was needed to master the subject; that qualified instructors guided students through all problems of photography; and that said students were enabled to enter a profitable business and could earn money while studying the course;
- In advertising their course in tinting or coloring photographs under the trade name "National Art School" (later changed to "National Photo Coloring School"), which, originally prepared in the middle 1920's by the aforesaid Chicago photographer and his employee, was sold to those herein concerned and had the benefit, at the beginning, of said employee's interest on a spare-time basis, but no participation in any manner by said photographer, and teaching of which was done mainly by a woman who had had some training in commercial art and had studied said course, and was later in charge of another woman who, according to her testimony, had studied art all her life and acquired her knowledge of tinting photographs through correspondence study—
- (g) Represented that said Chicago photographer took a keen interest in the school and that his guiding influence had been of untold benefit to it and its graduates; and that the art director of the school was especially well qualified by training and experience to fill that responsible position; which claims were not supported by the facts and were unwarranted;
- In advertising their "The Page-Davis School of Advertising," since discontinued—
- (h) Represented and implied, falsely and misleadingly, as admitted by them, that it was easy to become an advertisement writer, that their course was designed to fit each individual student for work in said field and that students were enabled to earn money soon after enrollment, were under the guidance and supervision of practical advertising men accustomed to spending large sums

of money in said business, and that the training in the school was equal to working in some large advertising concern;

- (i) Represented falsely that 60 outstanding advertising executives and their staff compiled the course and made it the last word in advertising training, that students were given real advertising work, directed by advertising executives, and that many commercial firms highly recommended said course and its method of instruction;
- (j) Represented falsely that students were able to earn money before completing the course, and were qualified thereafter to occupy responsible positions in the advertising field or to open their own offices, that a staff of qualified instructors supervised and directed all of the students' work, and that some of said staff members were permanent advertising executives; and
- (k) Offered to students paying their accounts in full, a set of books "absolutely free" and represented the value thereof as \$39.50; when in fact said offer was not free, but conditioned upon the payment of the tuition fee in full, and value of said books was about \$5; and

In offering a course in public speaking under the trade name "North American Institute" (later changed to "North American School"), written over 25 years ago by an individual who spent 40 years teaching public speaking and acted as a consultant and graded the papers of the students for 18 years, but was never a full-time employee or director of said school—in which the public-speaking course was taught by a man who studied said subject at Northwestern University and taught for a number of semesters at the American Legion School in Chicago, and who had graded the lessons for 8 years—

- (l) Represented that said author of the course was the director of the effective speaking department of said institute; that every student was under his personal supervision; that the teaching staff was composed of thoroughly qualified men and women specially fitted for their work by years of experience in aiding nonresident students; and that students enrolled in the school might become effective public speakers without personal guidance; which representations were exaggerated and not warranted by the facts; and
- (m) Represented that the teaching staff of the respective subjects in which training was offered, was larger than was the fact, and that individual members thereof possessed greater qualifications than was warranted, through use of a circular in advertising their said "Academy of Dress Design," their "Baking School," their "School of Photography," and their said "School of Advertising," which contained the pictures of nine individuals, and was captioned "some members of our staff. These members of our staff, together with many others, take care of your interests," and implied there were other persons connected with the schools who were well qualified to teach the respective subjects described;

The facts being that, with one or two exceptions, the same persons were depicted in the circulars for each of the above named schools; at least eight of them were administrative employees who did not teach, and those who did teach the subjects in question did not possess qualifications implied;

With tendency and capacity to mislead and deceive purchasers and prospective purchasers into the erroneous belief that such representations were true, and with effect of thereby inducing them to purchase and pursue such courses of study and instruction:

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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 certain advertising representations by respondent sellers, by mail, of courses in dress design, baking, photography, the tinting or coloring of photographs, advertising, and public speaking were challenged as false and misleading, including, generally, representations that students who completed said courses of study might, without aptitude or practical experience in the respective trades or professions in which training was offered, become experts or earn good incomes therein or establish their own business; and

In which testimony offered by persons experienced in the different vocations was to the effect that study of the subject by correspondence alone without practical instruction and experience would not qualify students for the more desirable and creative positions, or enable them to earn good incomes or establish their own business or become experts in the industry; that aptitude and artistic ability are necessary to success, in addition to many years of practical experience; that persons with enough ability and originality to do creative work are rare; that while one of the subjects might be learned from books, special skill and practice were required to become good, and that practical work under the personal guidance of an expert was essential to become successful; that a considerable amount of practical experience is necessary in order to do highly profitable work; and that, as respects particularly the teaching of public speaking by correspondence, even granted aptitude and willingness to study, certain phases thereof require direct personal criticism;

The Commission was of the opinion, after considering such evidence, as well as testimony to the contrary in certain respects, that said challenged representations could not be sustained as justified by the evidence.

In said proceeding, in which respondents, through their attorney, filed a number of exceptions to the recommended decision of the trial examiner, all of which went to the weight and sufficiency of the testimony and other evidence introduced in the proceedings, and to the trial examiner's recommended conclusions based thereon, and in which all were considered by the Commission in reaching its final decision, and the disposition of each of which was adequately disclosed by the Commission's findings as to the facts; the Commission did not consider it necessary to take any further action thereon.

Before *Mr. Arthur F. Thomas* and *Mr. George Biddle*, trial examiners.

Mr. William L. Pencke for the Commission.

Mr. Fred P. Rondeau and *O'Hara, Junge & Lehman*, 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 Markus-Campbell

Co., a corporation, National Academy of Dress Design, a corporation, and National Baking School, a corporation, and Joseph E. Markus, Reuben Paul Markus, and Eugene Peterson, individuals and officers of each of said foregoing corporations, 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 the charges in that respect as follows:

PARAGRAPH 1. Markus-Campbell Co. is a corporation organized, existing, and doing business under the laws of the State of Illinois. National Academy of Dress Design and National Baking School are corporations organized, existing, and doing business under the laws of the State of Illinois as nonprofit corporations and are wholly owned and operated by respondent Markus-Campbell Co. which also operates, trades, and does business under the trade names of American School of Photography, National Art School, Page-Davis School of Advertising, North American Institute, and various other trade names.

Respondent Joseph E. Markus is the president, respondent Reuben Paul Markus is the vice president and treasurer, and respondent Eugene Peterson is the secretary of each of the respondent corporations. The principal office and place of business of each of said respondent corporations and individual respondents is at 1315 South Michigan Avenue, in the city of Chicago, and State of Illinois.

Respondent Markus-Campbell Co. is engaged in publishing educational books and home study courses which are sold and distributed in commerce through said subsidiary corporations, and under the trade names above-mentioned, in the manner hereinafter fully set out. Said individual respondents as the officers of said respondent corporations, determine and formulate all of the policies and practices of said corporations and the respective businesses operated under the trade names hereinabove set forth, and control and manage all of the affairs of said corporations and of the several business enterprises; and all of said respondents operate said several businesses in conjunction and in cooperation with each other.

All of said respondents are now and have been for more than 3 years last past, engaged in the sale and distribution of home study courses in a variety of subjects hereinafter more fully described. Respondents sell said courses including lesson material and other physical equipment used in the pursuit of said respective courses to purchasers thereof situated in the various States of the United States and in the District of Columbia, causing them to be transported from their said place of business in the State of Illinois, to the purchasers thereof

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located in the various States of the United States other than the State of Illinois, and in the District of Columbia. Respondents maintain and at all times hereinafter mentioned, have maintained, a course of trade in said courses of study in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of respondents' business in commerce as aforesaid and for the purpose of inducing members of the purchasing public to purchase said respective courses of study, respondents have published and distributed, and are publishing and distributing, numerous advertisements, circulars, pamphlets, letters, and other advertising material in newspapers and magazines and by the use of United States mails; and in connection therewith have made, and are making, numerous false, deceptive, exaggerated, and misleading statements and representations with respect to each of said courses of study, as hereinafter more fully set out.

PAR. 3. Among and typical of the statements and representations made by the respondents with respect to respondent National Academy of Dress Design in newspaper and magazine advertisements and booklets, circulars, and letters are the following:

The pages * * * also point out a practical plan of personalized home study training for a successful career in its highly profitable and fascinating field.

Earn good income. Learn at home. Prepare now for that thrilling career. Profitable field * * *

Practical personalized home study training under guidance of skilled designers and stylists. Every student's problems are individually considered by the teaching staff. The members of our staff are thoroughly experienced in all phases of dress designing and have devoted years to resident school instruction as well as home study instruction. Some members of our staff—(picture of nine individuals and the caption:) "these members of our staff, together with many others, take care of your interests. They are glad to serve you and help you become thoroughly trained in dress designing."

Our training is so practical and complete that you should have the knowledge necessary to open your own salon upon graduation.

Our lessons are so arranged that even before you finish the course, you should be able to do dress designing working for your friends and neighbors. You can build up a clientele that will more than pay for the cost of our course before it is completed.

No previous experience in sketching or drawing is necessary to start your training. The average person should soon acquire the skill necessary to sketch her ideas. Neither is past experience in sewing necessary.

Here are a few of the better-known positions available: Stylist, Dress Designer, Stage Costume Designing, Fashion Illustrator, Fashion Copy Writer, Fashion Feature Writer, Style Consultant.

Previous experience in dress designing not necessary—common school education sufficient.

PAR. 4. By means of the foregoing representations and many others of like tenor and effect not herein set forth, said respondents represent and imply that respondent National Academy of Dress Design offers a practical plan for home study training for a successful career in dress designing leading to a highly successful and profitable career; that students receive individual and personal instruction; that the profession of dress designing offers a profitable field for respondent's students and graduates; that the training is under the guidance of skilled designers and stylists; that every student's problems are individually considered by the teaching staff and that said staff of instructors consists of a number of well-qualified individuals, some of whom are pictorially represented; that the training given by said respondent is so complete that graduates are enabled to open up their own studios or salons with sufficient knowledge to operate the same; and that even before a course of study is completed, students are able to design dresses for neighbors and friends and thereby are able to build up a business large enough to pay for the course of instruction; that no previous experience in sketching, designing, or sewing is necessary and that persons with a grade-school education are qualified to comprehend and study said course and that positions are available for graduates of respondent's course, in a wide variety of employment as dress designers.

PAR. 5. In truth and in fact, the said representations are grossly exaggerated and misleading. Said respondent National Academy of Dress Design is not an academy in the sense in which said term is generally understood. Said course of study is given solely by correspondence and therefore students do not receive any personalized or individual instruction. Lessons are mailed to students who return them for correction and certain employees of the respondent Markus-Campbell Co. grade said lessons and return them to the students. The pictures of nine individuals headed "some members of our staff" imply that there are other individuals qualified to teach the subject of dress designing. In truth and in fact, there is no staff of instructors. Only one individual has had training in sewing and kindred subjects but is not qualified as an expert dress designer, nor is she employed by respondents as a full-time teacher. On the contrary, the work of grading lessons constitutes only a part-time occupation aside from her regular work in another capacity wholly apart from the business of respondent National Academy of Dress Design. All of the other individuals held out to be members of this staff of said so-called academy are employees and officers of respondent Markus-Campbell

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Co. and have no qualifications whatever for dress designing. Respondent's course of instruction is wholly inadequate to enable a graduate to open a salon. Years of practical experience and training under the personal guidance of experts and a natural aptitude for dress designing are essential for the successful conduct of a business or a successful career as a dress designer; nor will the average student be enabled to design dresses satisfactorily for any person before finishing said respondent's course. A knowledge of sewing and a reasonable talent for sketching and drawing, together with a greater education than that ordinarily obtained in a grade school, is necessary to enable a person to become a dress designer. The profession of dress designing is highly competitive, and not all persons who have the necessary talent, experience, and training are able to command the positions and salaries which a number of the most qualified dress designers enjoy; and respondent's representation that graduates may achieve the success described in its advertising literature is grossly exaggerated and misleading. The positions described in respondent's booklet as being available to graduates all require extensive knowledge of dress designing and subjects connected therewith, together with substantial experience in said profession.

McCall's Magazine is a national publication; McCall Pattern Book contains and describes patterns for women's apparel, and McCall patterns are individual patterns for women's apparel, all of which are published and sold by the McCall Corp. Said McCall's Magazine, McCall Pattern Book, and McCall patterns have been well and favorably known to the purchasing public throughout the United States for many years, and the word "McCall" is therefore recognized by said purchasing public as a well-recognized authority in the field of dress designing and patterns. Respondents' booklet entitled "A Career in Costume Designing by L. L. McCall, Director, National Academy of Dress Design," mailed to prospective purchasers of said course, implies that the said L. L. McCall, director, is connected with the nationally known magazine entitled "McCall's Magazine," and patterns for women's dresses sold throughout the United States. In truth and in fact, said L. L. McCall is a fictitious name used by the respondent to further the impression that its course of instruction is somehow connected with McCall's journal or the McCall patterns.

In the booklet distributed to prospective students, respondent represents that at no additional expense it supplies to each student a dress design supply outfit having a retail value of from \$8 to \$10. In truth and in fact the value of said supplies is approximately \$5.

PAR. 6. National Baking Institute was incorporated in the year 1939, and on or about October 22, 1943, the name of said corporation was changed from National Baking Institute to National Baking School. Among and typical of the statements and representations made by respondents with respect to respondent National Baking School in newspaper and magazine advertisements and booklets, circulars, and letters are the following:

Our method of training makes the study of baking fascinating and full of thrills. Under the guidance of practical baking men who come in close contact with everyday baking problems in both large and small baking plants it could not be anything else. Imagine working under the direction of men of this kind doing actual baking.

In a very short time during your spare hours through the unusual training the National Baking Institute offers and your own determination, you should be qualified to hold a well paid position in the baking world.

National Baking Institute training was built by practical men—successful baking executives who themselves have come up through the ranks.

Your training supervised by practical bakers.

But whether you learn quickly or slowly our entire staff would patiently cooperate with you to help you become a thoroughly trained practical baker in the shortest possible time * * * capable of doing the finest work.

ENTIRE ORGANIZATION OF NBI ALWAYS AT YOUR SERVICE

SOME MEMBERS OF OUR STAFF

(A picture of nine individuals)

These members of our staff, together with many others, take care of your interests. They are glad to serve you and help you to become thoroughly trained in modern baking practice and management.

Personal and individual supervision of my program as a student by the staff of the institute.

Your training supervised by practical bakers.

PAR. 7. By means of the foregoing representations and many others similar thereto and not herein set out, respondents represent and imply that students of respondent National Baking School are guided by practical bakers who are in daily contact with the problems of the industry, both in small and large plants; that by devoting spare hours for a short time to the study of said course, students will be enabled and qualified to hold well-paying positions in the baking industry; that the training offered by respondent National Baking School, operated prior to October 1943 as National Baking Institute, was prepared by successful executives in the industry who have come up through the ranks; that the course of training is supervised by practical bakers who will cooperate and help throughout the course

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of training and that the entire organization of said "institute" is at the service of its students and assists in preparing them to become successful bakers; that the work of each student is personally and individually supervised by the staff of the Institute composed of practical bakers.

PAR. 8. In truth and in fact, said respondent National Baking School furnishes to its students a course of training which was prepared a number of years ago by three individuals who were engaged in the baking industry and one of whom was also employed as an instructor at a resident school in another State. Said students are not guided by practical baking men and there are no individuals in respondent's organization who come in daily contact with practical baking problems arising in large or small plants. Generally speaking, persons without previous training will not be able to become experienced bakers by studying during spare hours for a very short time and will not be qualified to hold well-paying positions in the baking industry. The representation that the training was built by practical baking men and successful baking executives implies that a number of experts in the baking industry compiled respondent's course of study and prepared and outlined all the work in connection therewith, when in truth and in fact the said three individuals prepared certain lessons which were later compiled into a course of training by the officers of respondent's school, who are not experienced bakers. Said training is not supervised by practical bakers and there is in fact no staff connected with said National Baking School competent to teach and supervise the work of students. The nine individuals pictured in the circular headed "Some Members of our Staff" are not connected with the baking industry and have no theoretical or practical knowledge whatever of baking. Four of said individuals pictured in said circular have not been connected with the school for a considerable period of time and the other individuals are either officers or employees of respondent Markus-Campbell Co.

PAR. 9. Among and typical of the statements and representations made by respondents with regard to the business conducted under the trade name, American School of Photography, in newspaper and magazine advertisements and in booklets, circulars, and letters are the following:

Learn photography at home. Splendid opportunities. Prepare in spare time. Easy plan. No previous experience needed. Common school education sufficient. Prepare for profitable business * * * under guidance of qualified instructors.

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The specialized knowledge of our staff is always at your service before and after graduation.

SOME MEMBERS OF OUR STAFF

These members of our staff, together with many others, take care of your interests.

(Illustration of nine individuals)

All problems that arise in connection with your studies or photographic work are referred to qualified members of our staff. A member of the staff of the school carefully passes upon and grades every examination, * * *.

Our method shows you how to make money in photography soon after you enroll. You should EARN while you LEARN.

Many of our students begin to make money in photography shortly after they start their lessons. Our lessons are full of money-making ideas.

PAR. 10. By means of the foregoing representations and statements and many others of similar import not herein set out, respondents represent and imply that the study of photography in spare time and at home affords splendid opportunities and that neither previous experience nor education beyond common school is necessary; that students are instructed and guided by the qualified instructors whose specialized knowledge is always at the service of the students; that all lessons have been prepared by experts and that the members of the staff, together with many other individuals, take care of the interests of said students; that all problems which arise in the course of the studies are considered by qualified members of the staff and that one member of the staff passes upon and grades all instruction papers; that the individuals whose pictures appear as that of members of the staff are qualified instructors versed in the science and art of photography; that students may earn soon after they have enrolled in said course of study and that the lessons contained give ideas for making money.

PAR. 11. In truth and in fact, said statements and representations are exaggerated, deceptive, and misleading. The art or science of photography cannot be learned easily and in a short time through a course in correspondence. On the contrary, in order to qualify as a competent photographer and to know photography in all its phases, personal supervision is necessary in addition to study by correspondence. Generally speaking, students would not be enabled to earn money soon after they have commenced a study of said course. Practical experience in addition to theoretical study is essential in order to become an expert in photography. In order to comprehend and study properly the course of instruction, a common school education is not sufficient. In truth, and in fact, said course of study was not

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prepared by a number of experts, but was prepared by an individual photographer over 10 years ago. The staff referred to by respondents does not consist of experts. Several of the individuals whose pictures appear under the caption "Some Members of Our Staff" have severed their connections with said business and the person who by training may be qualified to pass upon and correct lessons is not a regular employee or member of respondent organization, but is regularly employed by another concern in the city of Chicago.

In the booklet distributed to prospective purchasers of said course, respondents make the following representation :

Save on Photographic Supplies and Equipment. Arrangements have been made so that students and graduates may, if they so desire, purchase photographic equipment and supplies through the school at reduced prices. This is of special interest to those who live at a distance from a source of supply.

In truth and in fact, students are not able to purchase photographic equipment through the respondents at reduced prices, but are referred to regular dealers of photographic equipment.

PAR. 12. Among and typical of the statements and representations made by respondents with regard to the business conducted under the trade name, National Art School, in newspaper and magazine advertisements and in booklets, circulars, and letters are the following :

Make money coloring photos at home. Fascinating new occupation quickly learned by average man or woman.

Highly profitable work. Many earn while learning. Expert instructors direct your training.

Our teaching methods are under the supervision of Miss DeLa Knigge as consulting art director. * * * Miss Knigge is ever alert to keep the lesson material constantly up to date and our teaching methods so practical and thorough that the average student should make satisfactory progress.

The privilege of consulting the educational staff of the school at any time on matters pertaining to my work and progress.

Mr. Koehne takes a keen interest in the progress of the National Art School and his guiding influence has been of untold benefit to the school and its graduates.

Even before you finish the course, like many others, you should be making money. Students frequently begin to earn money after taking only a few lessons. * * * Numerous instances could be cited where profits from work done by students while taking the course have eclipsed their fondest hopes and expectations.

Your training and progress will be under the guidance and supervision of Miss Naomi J. Markus, our art director, who is exceptionally well qualified by training and experience to fill this responsible position.

PAR. 13. By means of the foregoing representations and others of similar import not herein set out, respondents represent and imply that the coloring of photographs is an occupation which may be

quickly learned and is highly profitable work; that students may begin to earn money soon after having commenced a course of study without any previous experience; that the students are under the present supervision of a consulting art director who is an artist of wide experience and a recognized authority in coloring photographs; that said art director constantly keeps the lesson material up to date and the teaching method so practical that satisfactory progress may be made by average students; that the educational staff of the school may be consulted at any time with respect to the work of said course; that Mr. Koehne takes an interest in the progress of said course and that his influence is of great benefit to the students and graduates; that the said Miss Markus, art director, is fully qualified to instruct students by training and experience and that Miss DeLa Knigge is actively affiliated with the school.

PAR. 14. In truth and in fact, said representations are exaggerated and misleading. While there may be some individuals who find the coloring of photographs a profitable occupation after years of experience and practice in devoting their full time to such work, the students and graduates of said course of study will not be enabled to earn substantial sums of money while taking said course, although many of them find regular, profitable employment in said work. The coloring of photographs is a matter of applying tints requiring no originality or talent in drawing, and the use of the word "art" in said trade name is in fact misleading by implying that the course of study consists of instruction in the art of painting or drawing, rather than being confined to the coloring or tinting of photographs. The representation that Mr. William Louis Koehne takes a keen interest in the school, together with pictorial representations of his studio, is false, exaggerated, and misleading. In truth and in fact, Mr. Koehne has no supervision over the school and in fact has no connection whatever therewith. Said Miss DeLa Knigge is not a regular consultant affiliated or employed by respondents, but has only occasionally been consulted on certain problems. Miss Naomi Markus is in fact no longer connected with said school, nor was she at any time qualified as an expert in the work of tinting photographs, nor is the work of the students supervised by any staff of qualified experts.

In the booklet distributed to students and prospective students, respondents represent that the art materials furnished at no extra expense have the value of from \$10 to \$12.50 if they were purchased at retail. In truth and in fact, the value of said equipment and materials is grossly exaggerated and substantially less than that represented in said booklet.

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PAR. 15. Among and typical of the statements and representations made with respect to the business conducted under the trade name, Page-Davis School of Advertising by respondents in newspaper and magazine advertisements, booklets, circulars, and letters are the following:

**IT'S EASY
TO LEARN**

**BE AN AD
WRITER**

We train you quickly at home. No experience necessary. Common school education sufficient. It is supervised to fit individual requirements.

Shortly after you enroll, you should be able to start making money in your spare time doing advertising work—no need to wait until you complete the Course before you begin to “cash in” on your training.

Under the guidance of practical men who have come in close contact with the spending of large sums in advertising it couldn't be anything else. Imagine working under the supervision and direction of men of this kind, starting with mere ideas and developing them, step by step, into finished advertisements or completed selling campaigns. Such is the practical work our students do.

Assume you were offered the opportunity of going with a prominent advertising agency in Chicago or New York to learn advertising from beginning to end. Suppose you knew that your every step would be guided by men prominent in the field of advertising and that a sincere personal interest would be taken in your progress, and you also knew that you would be given real helpful coaching when and where you need it—you would jump at the chance wouldn't you? Well, that is substantially what our training offers you.

More than 60 outstanding advertising executives collaborated with our Staff in making this Course the very last word in advertising training.

Prominent advertising managers, agencies, magazines, printing establishments, periodicals and newspapers highly recommend our Course and “learn by doing” method of instruction.

COMMON SCHOOL EDUCATION SUFFICIENT.

Many of our successful students have only had a common school education, no art ability, no special aptitude for writing.

Within a few months after they enroll many Page-Davis students go into the advertising business for themselves, doing free lance work.

The Staff includes thoroughly qualified and efficient instructors—especially fitted for their work by years of experience in advertising and in aiding nonresident students.

ENTIRE ORGANIZATION OF P. D. S. OF A.

ALWAYS AT YOUR SERVICE

SOME MEMBERS OF OUR STAFF

THESE members of our Staff together with many others take care of your interests. They are glad to serve you and help you become thoroughly trained in Modern Advertising.

[Pictures of nine individuals]

THREE WAYS TO INDEPENDENCE.

Our training is a triple service; you benefit in three ways: First, it qualifies you to make money in spare time shortly after you enroll. Second, it qualifies you for a position that should lead to quick promotion and to the better paid jobs in the business world. Third, it qualifies you to open up an advertising office of your own.

In advertising circles Page-Davis training is recognized as thorough and practical. It is conceded that a Page-Davis graduate has a sound foundation on which to build a successful career and should be well qualified to hold a worthwhile position immediately upon finishing the Course.

PAR. 16. By means of the foregoing statements and representations, and numerous others of similar import and effect not herein set out, said respondents represent and imply that it is easy to become an advertisement writer; that the course of training is supervised to fit each individual student; that students generally are enabled to begin earning money soon after they have enrolled in said course of study; that students are under the guidance, supervision, and direction of practical advertising men who are accustomed to spending large sums of money in the advertising business; that the training given said students is in effect the same as if they were working directly in some prominent advertising concern in one of the large cities; that 60 outstanding executives, together with said respondents' staff, compiled said courses of study and made it the very last word in advertising training; that students are given real advertising work to do and that their work is planned and directed by advertising executives; that many commercial concerns highly recommend respondents' course and their method of instruction; that respondents' graduates are qualified to earn money before they have completed the course, and after completing the course are qualified to occupy responsible positions in the advertising field or open advertising offices of their own; that a staff consisting of a number of instructors, qualified to teach advertising methods, supervise and direct all of the student's work, and that some of said members of the staff are prominent advertising executives, and that the nine individuals who are pictured as being part of the staff are all qualified to and do supervise and correct the work of the students.

PAR. 17. In truth and in fact, said representations and statements, made as aforesaid, are grossly exaggerated, deceptive, and misleading. The composition of advertisements and their proper use cannot be learned easily or quickly by the average person by means of a correspondence course, and there are many individuals who would be handicapped to learn the profession of advertising successfully if they had no more than a common school education. Respondents' course of

study is taught solely by correspondence, and therefore is not individually supervised. While there may be some individuals who might be able to earn small sums of money writing advertisements shortly after they have enrolled in the course, the representation that any student should be able to make money in his spare time shortly after enrollment is exaggerated. Respondents' students are not in fact under the guidance, supervision, or direction of practical advertising men who have come in close contact with the spending of large sums of money, nor is the work given to students practical work in the sense that it consists of actual advertisements intended to be used in the course of business generally. All representations implying that the entire course is constantly supervised by advertising experts are grossly misleading. While a large number of advertising experts did at one time compile a course of study, such course was prepared many years ago and has not been revised in over 12 years; and the individuals who participated in the preparation of said course have not been, nor are they now, connected in any manner whatever with respondents' business or the teaching of said course of study, and said course is not now the very last word in advertising training. Prominent business firms consisting of advertising agencies, magazines, publishers of periodicals and newspapers are not highly recommending respondents' course. Said course of study does not qualify the average student to earn money shortly after having enrolled, nor does it qualify him for a position leading to quick promotion and better paid jobs, nor does it qualify him to open an advertising agency. Said course of training, without practical experience in advertising and business generally, will not enable individuals to achieve the goals as pictured by respondents. The lesson assignments are not carefully reviewed by seasoned advertising executives, and the illustration of nine of respondents' employees or executives, together with the caption that said picture represents some of the staff of highly qualified experts, implies that there is a substantial number of experts engaged in teaching and reviewing, when in truth and in fact the individuals pictured are not advertising experts and are merely clerks or employees of said respondent corporation, who are in no wise qualified by experience or training to teach, review, or criticize lesson material. The only individual who regularly reviews and grades the lesson material sent in, and whose picture appears in said illustration, is not a qualified advertising expert, but has gained his experience in advertising almost entirely during the course of his employment with said respondent corporation, in the course of which he has composed advertisements for the various courses of study which are sold and distributed by said corporation. Respondent Reuben

Paul Markus, whose picture also appears, is not regularly or exclusively engaged in reviewing lessons submitted by students, and his experience in the field of advertising has also largely been gained in connection with the operation of Markus-Campbell Co.

For the purpose of inducing students to pay their accounts in full or by a certain specified date, respondents offered a set of books with the following representation:

How would you like to receive the Advertising Man's Working Library, list price, \$39.50, absolutely free?

In truth and in fact, the representation that said books are given away absolutely free by respondents is false and misleading for the reason that the delivery of said books to students is conditioned upon a consideration in that students who desire said books are required to make payment in full of their tuition fees which originally had been contracted to be paid in installments. In truth and in fact, said books which consisted of a set of encyclopedias and dictionaries, did not have a value of \$39.50, but was worth a little over \$5.

PAR. 18. Among and typical of the statements and representations made by respondents in connection with the sale and distribution of a course of study in public speaking under the trade name of North American Institute are the following:

Learn public speaking at home—in spare time. Many overcome "stage fright," gain self-confidence and increase earning power this easy way.

PROFESSOR R. E. PATTISON KLINE
Director, Effective Speaking Department,
North American Institute.

Personal supervision.

Every student is under the direction of Professor Kline.

Our plan of instruction is entirely individual and personally supervised.

Our staff is composed of thoroughly qualified men and women exceptionally fitted for their work by years of experience in aiding nonresident students.

PAR. 19. By means of the foregoing statements and representations, and others of similar import and effect not herein set out, respondents represent that public speaking may be learned easily in one's spare time at home; that Prof. R. E. Pattison Kline is the director of the public speaking department for said North American Institute, and that every student is under his personal supervision; that respondent's staff of instructors is composed of men and women qualified to teach public speaking because of years of experience in aiding nonresident students.

PAR. 20. In truth and in fact, said representations are exaggerated, deceptive, and misleading. Public speaking may not easily be learned at home by means of a correspondence course. In order effectively to teach public speaking, supervision by a duly qualified instructor who is able to criticize and suggest improvements personally is essential. There are many individuals who will never be able to learn public speaking and a natural aptitude for such work is not only desirable, but necessary. Prof. R. E. Pattison Kline is not the director of respondents' department of effective speaking, and is not in fact connected with respondents' business in any manner whatever. Approximately 25 years ago, said Professor Kline prepared a course in public speaking and sold the same to respondent Markus-Campbell Co., which has been his only contact with said respondents' school. There are no other officers or employees of respondents qualified to teach public speaking.

PAR. 21. Through the use of the representations hereinabove set forth with respect to the business conducted under said several corporate and trade names and others of similar import and meaning not specifically set forth, said corporate and individual respondents represent and imply to the purchasing public in the manner hereinabove set forth that the statements and representations regarding the respective courses of study are true, whereas in truth and in fact such statements and representations are false, exaggerated, deceptive, and misleading for the reasons hereinabove set forth.

PAR. 22. The use of each and all of the false, deceptive, exaggerated, and misleading representations and implications made and used by all of said respondents as aforesaid has had and now has the tendency and capacity to and does mislead and deceive a substantial number of the purchasing public into the erroneous and mistaken belief that said representations and implications are true. As a result of such erroneous and mistaken belief, many members of the purchasing public have purchased a large number of each of said respective courses of study and instruction in said commerce.

PAR. 23. The aforesaid acts and practices of respondents 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.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on October 18, 1944, issued and subse-

quently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the filing by respondents of their joint answer to the complaint, testimony, and other evidence in support of and in opposition to the allegations of the complaint 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 proceedings regularly came on for final hearing before the Commission upon the complaint, answer, testimony, and other evidence, recommended decision of the trial examiner and the respondents' exceptions to such recommended decision, briefs in support of and in opposition to the allegations of 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 public interest and makes this its findings as to the facts and its conclusion drawn therefrom;

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Markus-Campbell Co. is a corporation, organized, existing, and doing business under the laws of the State of Illinois. National Academy of Dress Design and National Baking School are corporations, organized, existing, and doing business under the laws of the State of Illinois as nonprofit corporations and are wholly owned and operated by respondent Markus-Campbell Co. Markus-Campbell Co. also operates, trades, and does business under various trade names. Among the trade names that have been used are those of American School of Photography, National Art School, Page-Davis School of Advertising, and North American Institute.

Respondent Joseph E. Markus is president, respondent Reuben Paul Markus is vice president and treasurer and respondent Eugene Peterson is secretary of each of the respondent corporations. The principal office and place of business of each of said corporate and individual respondents is located at 1315 South Michigan Avenue, in the city of Chicago, State of Illinois.

PAR. 2. Respondent Markus-Campbell Co. is engaged in publishing educational books and home study courses which are sold and distributed in commerce through the subsidiary corporations and under the trade names above mentioned. Respondents Joseph E. Markus and Reuben Paul Markus, as officers of said respondent corporations, determine and formulate all of the policies and practices of said cor-

porations and of the respective businesses operated by them under the trade names hereinabove set forth, and they control and manage all of the affairs of said corporations and of the several business enterprises. Respondent Eugene Peterson does not participate in any manner in the determination of policies and business practices of said corporations and business enterprises, and as to this respondent the Commission is of the opinion that the complaint should be dismissed.

All of said respondents are now and have been for more than 6 years last past engaged in the sale and distribution of home study courses in a variety of vocational subjects. Respondents sell said courses, including lesson material and other physical equipment used in the pursuit of said respective courses, to purchasers thereof situated in the various States of the United States and in the District of Columbia, causing them to be transported from their place of business in the State of Illinois to the purchasers thereof located in States other than the State of Illinois and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained a course of trade in said courses of study in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of respondents' business in commerce and for the purpose of inducing members of the public to buy their respective courses of study, respondents have published and distributed numerous advertisements and circulars, pamphlets, and other advertising material in newspapers and magazines and by use of the United States mails. Much of said advertising material was revised by respondents, in part shortly before the issuance of the complaint, and in part soon thereafter. Respondents have also changed a number of their corporate and trade names, as will be shown hereafter.

All of the courses of study to which said advertisements relate are pursued exclusively by correspondence.

PAR. 4. The advertising material distributed by respondents with respect to the National Academy of Dress Design included representations to the effect that practical personalized home study training was given under the guidance of skilled designers and stylists, enabling students to enter a successful career, to open salons upon graduation, to build up a clientele that will more than pay for the cost of the course before it is completed; that numerous positions, including those of stylists, dress designers, stage costume designing, fashion illustrator, and style consultants, in the dress designing industry and its branches are available to graduates; and that no previous experience is necessary to attain these results. The advertising material included a book-

let entitled "A Career in Costume Designing, by L. L. McCall, Director, National Academy of Dress Design."

The National Academy of Dress Design was established in August 1942. Sometime thereafter the name was changed to National School of Dress Design. The school had a small beginning with one teacher on a part-time basis, but at the present time there are four full-time instructors in addition to the part-time teacher. All of the present instructors in the school are graduates of resident schools of dress design and all of them have had substantial practical experience.

Three witnesses testified in support of the complaint with respect to the aforesaid representations. Their qualifications included practical and teaching experience in dress designing in all of its branches and art work generally over a period of many years. Based upon their own training, a wide experience in the industry operating resident schools and dealing with employment problems, their opinions concerning the advertising representations made by respondents are to the effect that the study of dress designing by correspondence alone without practical instruction and experience will not qualify a person for such positions in the industry as stylists, fashion advisors, dress or stage costume designers, and fashion coordinators; that such study will not enable a student to earn substantial amounts of money while studying or to open a salon upon graduation or to command splendid positions or become experts in said industry. Aptitude and some artistic ability are necessary to become successful in addition to many years of practical experience. Dress designers with enough ability and originality to do creative work are rare and the average student cannot hope to achieve the degree of success held out as possible of achievement by respondents.

Three teachers of respondents' school and two officers of the Apparel Merchandiser, a trade magazine published in Chicago, testified in opposition to the complaint. In substance these witnesses maintain that it is possible to teach dress designing successfully entirely by mail; that the work of respondents' students receives the individual attention of the teachers, and that students showing no aptitude are advised to discontinue the course. They emphasize the importance of willingness and application to study and admitted that practical experience is necessary for success.

The evidence shows and the Commission finds that the various advertising claims with respect to the possibilities of success in the dress-designing field for the students taking respondents' course and for those who completed the course were greatly exaggerated and were not warranted by the facts.

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McCall's Magazine and McCall's Pattern Book are national publications and are well and favorably known among the members of the purchasing public as well recognized authorities in the field of dress designing and patterns. The record shows and the Commission finds that the use by respondents of the name "McCall" may have the tendency and capacity to mislead some members of the public into the belief that there is a connection between respondents' school and said McCall's Magazine and McCall's Pattern Book.

Prospective students were advised by the respondents that they would be supplied with a dress design outfit having a retail value of from \$8 to \$10. The value of the equipment actually supplied by respondents was in fact less than the stated amounts.

PAR. 5. The advertising representations with respect to the National Baking Institute included claims that students are under the guidance of practical baking men who are in close contact with everyday baking problems; that a short time, during spare hours, devoted to study, will qualify a person for well-paid positions in the baking industry; and that the training is personally supervised by practical bakers.

National Baking Institute was established about 9 years ago, the course having been prepared originally by three expert bakers. The name was changed in the latter part of 1943 to National Baking School. During the years 1940 to 1943 the work of this school was handled exclusively by Miss Ruth Markus, a sister of respondent, Reuben Paul Markus. This lady had had some experience in home economics and domestic science, but she had no practical experience whatever in the baking industry. In August 1943, respondents employed a professional teacher and lecturer on cooking and nutritional education. She is employed on a part-time basis, devoting approximately 25 hours a week to the work in respondents' school. In her opinion, baking may be successfully taught by correspondence, and graduates may be qualified to hold well-paying positions as cake and bread bakers but not as executives in the baking industry.

About 95 percent of the students in this school are engaged in the baking industry and the rest were in the baking industry before enrolling in respondents' course.

The evidence shows and the Commission finds that the advertising representations with respect to the teaching staff and personal supervision of students by practical bakers in daily contact with baking problems were false, misleading, and unwarranted by the facts.

PAR. 6. The respondents, operating under the trade name of American School of Photography, offer a course of eighty lessons dealing with various phases of photography.

Among the representations made by respondents in a catalog published in 1939 with respect to this course were statements to the effect that there are splendid opportunities for persons who study photography at home in their spare time; that no previous experience is needed to master the subject; that qualified instructors guide students through all problems of photography; and that said students are enabled to enter a profitable business and can earn money while studying the course.

The work of teaching this course is carried on by two individuals. One of these is a Mr. Kurt Finzel, a full-time employee with Montgomery Ward & Co., who devotes his spare time to respondents' school, and the other is Miss Lillian Markus, whose only training in photography consists of having studied respondents' course and who reviews the work of students by checking their lessons against model answers. Mr. Finzel grades no papers but only takes care of prints and acts as consultant. He has had many years' experience including early training in Germany and work with photographer William Koehne, of Chicago. In his opinion, it is possible to learn photography from books, but it is also his opinion that it takes special skill and practice to become a good photographer. His main work has been developing and printing.

In the opinion of another witness who has had 30 years' experience specializing in photographic arts, photography cannot be learned by correspondence without practical experience; only fundamental principles and theory can be learned from books, and practical work under the personal guidance of an expert is essential to become a successful photographer.

The evidence shows and the Commission finds that the respondents' advertising representations with respect to the extent and qualifications of the teaching staff in this school and the opportunities for students to become successful in the business of photography are exaggerated and unwarranted.

PAR. 7. The respondents, formerly operating under the trade name National Art School (the name was changed in 1943 to National Photocoloring School) offer a course in tinting or coloring photographs. The course was established in the middle twenties and it was originally prepared by Mr. William Koehne of the Koehne Studios in Chicago and his employee, Miss De la Knigge, and sold to respondents.

The advertising representations with respect to this school include statements that coloring photographs may be quickly learned by the average man or woman; that Mr. Koehne takes a keen interest in the

National Art School and that his guiding influence has been of untold benefit to the school and its graduates; and that the art director of the school is especially well qualified by training and experience to fill that responsible position.

In the beginning Miss De la Knigge did take an interest in the school on a spare-time basis, but Mr. Koehne has never participated in any manner in the work of the school. The teaching was done mainly by Miss Naomi J. Markus who had some training in commercial art and had studied respondents' course. The work consists of coloring photographs and requires no original art work. The course is presently in charge of Mrs. Alda Jones, who testified that she had studied art all of her life and that she acquired her knowledge of tinting photographs through correspondence study. In her opinion, a considerable amount of practical experience is necessary in order to do highly profitable work. The enrollment of a student in the respondents' school who shows no aptitude is cancelled. Mr. Leo A. Marzolo, a painter and restorer of paintings, expressed the opinion that the tinting of photographs may be taught by correspondence without previous experience and that the work could be profitable.

The evidence shows and the Commission finds that respondents' advertising claims with respect to the interest taken by Mr. Koehne in the National Art School and the qualifications of the school's teachers are not supported by the facts and are unwarranted.

PAR. 8. The Page-Davis School of Advertising has now been discontinued by respondents, but the material allegations of the complaint with respect to respondents' practices in connection with their former operation of this school were admitted to be true.

Respondents had represented and implied, in substance, that it is easy to become an advertisement writer; that respondents' course was designed to fit each individual student for work in this field and that students were enabled to earn money soon after enrollment; that the students are under the guidance and supervision of practical advertising men, accustomed to spending large sums of money in the advertising business; that the training in the school is equal to working in some large advertising concern; that 60 outstanding advertising executives and respondents' staff compiled the course and made it the last word in advertising training; that students are given real advertising work which is directed by advertising executives; that many commercial firms highly recommend said course and its method of instruction; that respondents' students are able to earn money before completing said course and are qualified, after completing the course, to occupy responsible positions in the advertising field or to open their

own offices; that a staff of qualified instructors supervise and direct all of the students' work; and that some of said staff members are prominent advertising executives.

For the purpose of inducing students to pay their accounts in full, respondents offered a set of books as "absolutely free" and represented the set to be of the value of \$39.50.

Respondents having admitted the allegations of the complaint the Commission finds that all of these advertising representations were false and misleading; that the offer of said books was not free but conditioned upon the payment of the tuition fee in full and that the value of said books was approximately \$5.

PAR. 9. North American Institute, operated by respondents for many years, offers a course in public speaking. In the fall of 1943, this trade name was changed to North American School.

The advertising booklet "How to Work Wonders with Words," before its recent revision, contained representations with respect to said course in public speaking which were in substance that Prof. R. E. Pattison Kline is the director of the effective speaking department of the North American Institute; that every student is under his personal supervision; that the teaching staff is composed of thoroughly qualified men and women, exceptionally fitted for their work by years of experience in aiding nonresident students; and that students enrolling in the school may become effective public speakers without personal guidance.

R. E. Pattison Kline wrote this course of instruction over 25 years ago, and graded the papers of respondents' students for 18 years. He has never been a full-time employee, however, nor was he ever the director of said school. Mr. Kline spent about 40 years in teaching the subject of public speaking, has been a lecturer and dramatic reader, and acts as consultant for respondents. In his opinion public speaking may unquestionably be taught by correspondence, although the work of his own students is all done by personal classroom instruction.

Respondent Reuben Markus, who taught the subject of public speaking in respondents' school, studied public speaking at Northwestern University and taught the subject for a number of semesters at the American Legion School in Chicago. He graded the lessons of respondents' students for 8 years. In his opinion, provided a person has some aptitude and willingness to study, he may be taught public speaking by correspondence, but it could not be learned easily; and he admits that there is no substitute for practice. If a student of respondents' school shows no aptitude, his tuition is refunded.

Mr. Davis Edwards, associate professor of speech at the University of Chicago, who previously taught at the University of Utah, Wisconsin, and Minnesota and at Oberlin College and who had been director of the School of Speech conducted by New York University at Chautauqua, testified that certain aspects of speech can be taught by correspondence, but that such phases of effective or public speaking as voice, action, psychological habits, and general attitude require direct, personal criticism; and for that reason he has many times refused to give correspondence courses in public speaking.

The evidence shows and the Commission finds that respondents' advertising representations with respect to the extent and qualifications of the North American Institute's teaching staff, the position of R. E. Pattison Kline in the said school, and the ability of students to become proficient in the art of public speaking by pursuing respondents' course of study without practical experience and personal guidance were exaggerated and not warranted by the facts.

PAR. 10. As a part of respondents' advertising of the National Academy of Dress Design, the National Baking School, the American School of Photography, and the Page-Davis School of Advertising, respondents made use of a circular containing the pictures of nine individuals captioned "Some Members of Our Staff. These Members of Our Staff, together with many others take care of your interests." With the exception of one or two individuals, the same persons were depicted in the circulars for each of said above-named schools. The pictures and text implied that in addition to the individuals pictured there were other persons connected with the schools who were well qualified to teach the respective subjects described. In truth and in fact, at least eight of the persons depicted in each circular were administrative employees of respondents with no qualifications to teach and who did not teach the respective subjects offered; and those who did teach the subjects in question did not possess qualifications in the degree and to the extent implied by said advertising literature.

These illustrations and representations were almost wholly false and were completely misleading.

PAR. 11. The respondents in this proceeding, acting through their attorney, filed a number of exceptions to the recommended decision of the trial examiner herein. All of these exceptions go to the weight and sufficiency of the testimony and other evidence introduced in the proceeding and to the trial examiner's recommended conclusions based thereon, and all of them have been considered by the Commission in reaching its final decision. Inasmuch as the Commission's findings as to the facts adequately disclose the disposition made of each of said

exceptions, the Commission does not consider it necessary to take any further action thereon.

PAR. 12. The foregoing acts and practices used by respondents in connection with the offering for sale, sale and distribution of their courses of study and instruction have had the tendency and capacity to mislead and deceive purchasers and prospective purchasers thereof into the erroneous and mistaken belief that such representations were true and have induced them to purchase and pursue such courses of study and instruction on account of such erroneous and mistaken belief.

CONCLUSION

The acts and practices of respondents as herein found were all to the prejudice and injury of the public and constituted 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 joint answer of respondents, testimony and other evidence in support of and in opposition to the complaint, the recommended decision of the trial examiner upon the evidence and exceptions to such recommended decision, briefs in support of and in opposition to the allegations of the complaint, and oral argument, and the Commission having made its findings as to the facts and its conclusion that Markus-Campbell Co., a corporation, National Academy of Dress Design, a corporation, National Baking School, a corporation, and Joseph E. Markus and Reuben Paul Markus, individually and as officers of said corporations, have violated the provisions of the Federal Trade Commission Act:

It is ordered, That Markus-Campbell Co., a corporation, National Academy of Dress Design, a corporation, National Baking School, a corporation, and Joseph E. Markus and Reuben Paul Markus, individually and as officers of said corporations, and their respective officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of correspondence courses of study and instruction 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 the students who complete any of respondents' courses of study may, without aptitude or practical experience in the respective trades or professions in which

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training is offered, become experts in said trades or professions, or earn good incomes therein, or establish their own business;

2. Representing, directly or by implication, that students, after completing a few lessons in said respective courses of study, are enabled to earn enough money to pay for said courses;

3. Representing, directly or by implication, that the value of supplies and equipment furnished by respondents is greater than it is in fact;

4. Representing, by direct statements or through the use of pictures or illustrations, that the teaching staff of the respective subjects in which training is offered is larger, or that the individual members thereof possess greater qualifications than is warranted by the facts;

5. Representing, through the use of individual or trade names that members of trades or professions in which training is offered by respondents are connected with or take an interest in schools or enterprises, or have prepared or have assisted in the preparation of lessons or courses of instruction, unless such is the fact;

6. Representing, through the use of the name L. L. McCall, or any other name, that there is some connection between respondent's School of Dress Design and McCall's Magazine or McCall's Pattern Book.

It is further ordered, That said respondents 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.

It is further ordered, That the complaint in this proceeding be, and it hereby is, dismissed as to respondent Eugene Peterson.

Complaint

IN THE MATTER OF

VANLEIGH FURNITURE CO., INC.

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

Docket 5260. Complaint, Dec. 9, 1944—Decision, Jan. 2, 1948

Where a corporation engaged in the sale and distribution of household furniture at its so called dealer or trade showrooms, which sold furniture to dealers for resale, to dealers and decorators who had brought or sent their customers to its place of business to select such merchandise, and direct to customer-users, with many purchasers in other states—

Represented through the designation "factory distributors", in connection with its corporate name, as displayed in letters, billheads, post cards and other advertising media, and on introductory or admittance cards distributed to retail furniture dealers and interior decorators for distribution to the purchasing public, and directly through statements of its salesmen to customers who came to its place of business, that it was a factory distributor of furniture and that the prices at which it sold furniture were factory or wholesale prices;

The facts being it was not a manufacturer of furniture and did not own or operate a factory; while it was a factory distributor for a certain manufacturer, it was not such a distributor for all the furniture it sold; its prices to purchaser-users were not factory or wholesale prices, but were higher than such prices; and said so called introductory or admittance cards for distribution to members of the purchasing public were not of value in the sense that they enabled the holders to buy its product for less than its customary prices;

With capacity and tendency to mislead and deceive purchasers and prospective purchasers into the belief that it was a factory distributor or wholesaler for all the furniture sold by it and that it sold to the consuming public at wholesale prices, and to induce a substantial portion of the purchasing public, with its well-known preference for purchasing directly from a factory or factory distributor or at wholesale by reason of the substantially lower factory and wholesale prices, to buy its said products:

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. Morton Nesmith for the Commission.

Davis & Heffner, of New York City, for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Vanleigh Furniture Co., Inc., a corporation, hereinafter referred to as respondent, has vio-