

IN THE MATTER OF

BLACKSTONE COLLEGE OF LAW, INC., ALSO TRADING
AS BLACKSTONE-SPRAGUE SCHOOL, INC., HAROLD R.
LISTER AND E. STANLEY GERIGCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 4929. Complaint, Mar. 15, 1943—Decision, Apr. 7, 1948*

An academic degree connotes scholarship and intellectual achievement. At the very least the conferring of such a degree implies that the recipient has seriously pursued and has completed certain prescribed courses of instruction under competent supervision.

An honorary degree implies outstanding achievement either in the academic field or in some other field of worthy endeavor.

No reputable institution of learning would consider the indiscriminate awarding of academic degrees upon the basis of a mere statement or certificate by the individual that he had completed the course of study; and the granting of such degrees, with no serious effort to establish or maintain genuine scholastic standards or requirements, and of purportedly honorary degrees, in effect upon the basis of a money payment, constitutes an imposition and fraud upon the public and upon the nation's educational system, and a sham, and is unfair not only to legitimate holders of genuine academic degrees and students seriously undertaking to obtain them, but also to recipients of such so-called degrees, in that, contrary to the representation implicit in the conferring thereof, they are wholly without academic value and are not recognized by any reputable educational institution.

Where a corporation engaged, under its corporate name, in the sale and distribution of correspondence courses of study and instruction in law, and engaged also, under a separate trade name, in the sale and distribution of courses of study and instruction in short story writing, acting under the direction of its president-treasurer, who formulated its policies; in and through advertising material, consisting of various circulars, form letters and other matter distributed among prospective students—

- (a) Represented, directly or by implication, that it was a large law school with a faculty of many well known and scholarly instructors;

When in fact it was operated from an office composed of four rooms and a stock room, with four employees who handled the clerical work; its faculty consisted of two practicing attorneys who devoted only a portion of their time to the school, their duties consisting of grading the papers or lessons sent in by the students; and neither its said president-treasurer, nor its vice president-secretary (whose duties were largely of a clerical nature) was a lawyer;

- (b) Falsely represented that its methods of teaching and courses of instruction were comparable with those used by the leading resident law schools;
- (c) Falsely represented that it was a recognized and standard law school which had been given an A rating by the Association of American Law Schools; and,

Where said corporation, engaging in unfair, deceptive and fraudulent practices which constituted little less than the outright sale of purported academic degrees, and certainly in the case of the purported awarding of a so-called honorary degree as below set forth, a mere sham, devised solely to collect the stipulated monetary consideration, and with no serious effort on its part to establish or maintain genuine scholastic standards or requirements—

- (d) Instituted and made use of a so-called emergency graduation plan, adopted shortly after the entrance of the United States into the war, under which it offered former students who had not completed its courses of study, their law degree and diploma if they certified to it, on forms supplied for such purpose, that they had in fact completed such courses, and would pay it a designated amount of money;

With the result that many of those addressed or solicited by it, who had not in fact completed the courses of study and some of whom had had no contact with the school for a number of years, having apparently abandoned their studies, executed the certificate, remitted the prescribed amount, and received the degree;

- (e) Offered the degrees of Master of Laws and Juris Doctor, under a plan, as outlined in a form letter addressed to "Dear Alumnus," whereby, through its new "Post Graduate Department," the addressee was offered the opportunity, with forms and references to its law texts supplied by it and on the basis of a set of facts similarly supplied, acting as attorney for a hypothetical plaintiff, to prepare a bill of complaint to institute suit for breach of written contract, and, thereafter, acting as counsel for the hypothetical defendant and on the basis of details similarly supplied to prepare the defendant's answer; and under which, following the submission of such completed forms for correction and grading (together with the initial payment), he was to receive a letter of graduation and grade, to be followed "shortly thereafter" "by the strikingly handsome master of laws diploma itself; a most impressive document;" and

- (f) Conferred also the honorary degree of Doctor of Laws under a plan, carried out under the trade name used by it for its course in short story writing, by which it issued, under said name and for a consideration of \$41 in cash or \$49 payable in installments, a "Scholarship Certificate," which entitled the holder to a course of instruction in said subject, and also to a doctor of laws degree from the law school, to be awarded in "recognition" of the holder's "contribution to the cause of adult home study education;"

With tendency and capacity to mislead and deceive a substantial portion of the public in aforesaid respects, and thereby cause it to purchase its said courses of study and purported degrees:

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

Before *Mr. George Biddle*, trial examiner.

Mr. William L. Pencke for the Commission.

Mr. Harry R. Lister, of New York City, for respondents.

Complaint

44 F. T. C.

Mr. A. B. Cawley, of Chicago, Ill., also represented E. Stanley Gerig.

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 Blackstone College of Law, Inc., a corporation, Blackstone-Sprague School, Inc., a corporation, Harold L. Lister, and E. Stanley Gerig, hereinafter referred to as respondents, have violated the provisions of said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Blackstone College of Law, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 307 North Michigan Avenue, Chicago, Ill. Respondent, Blackstone-Sprague School, Inc., is also an Illinois corporation and is likewise located at 307 North Michigan Avenue, Chicago, Ill. Respondent, Harold L. Lister, is the president of Blackstone College of Law, Inc., and is president and treasurer of Blackstone-Sprague School, Inc. Respondent, E. Stanley Gerig, is the vice president and secretary of Blackstone College of Law, Inc., and secretary of Blackstone-Sprague School, Inc., and is also acting general manager of both schools. Respondents, Harold L. Lister and E. Stanley Gerig, control and direct the policies and practices of said respondent corporations, and are responsible for the operation and management thereof.

PAR. 2. Respondents, Blackstone College of Law Inc., Harold L. Lister, and E. Stanley Gerig, individually and as officers of said respondent corporation, are now, and for several years last past have been, engaged in the sale and distribution in commerce between and among the various States of the United States of courses of study and instruction in law, which are pursued by correspondence through the medium of the United States mails.

Respondent, Blackstone-Sprague School, Inc., Harold L. Lister, and E. Stanley Gerig, individually and as officers of said respondent corporation, are now, and for several years last past have been, engaged in the sale and distribution in commerce between and among the various States of the United States of courses of instruction in short-story writing, which are pursued by correspondence through the medium of the United States mails.

The respondent corporations and individuals, in the course and conduct of their said businesses during the time aforesaid, have caused their said courses of study and instruction to be transported from their said place of business in the State of Illinois to purchasers thereof located in various States of the United States other than the State of Illinois. The conduct of said businesses contemplates and results in, and has resulted in, the transportation of information, lesson sheets, and other documents, postal money orders, bank drafts and checks, and currency and other forms of money, from respondents' place of business in Illinois through and into other States, and from respondents' customers located in various States into the State of Illinois. There is now, and has been at all times herein mentioned, a course of trade in said courses of instruction so sold and distributed by said respondents in commerce between and among various States of the United States and in the District of Columbia.

PAR. 3. Respondents, Blackstone College of Law, Inc., Harold L. Lister, and E. Stanley Gerig, in soliciting the sale of and in selling their said courses of study and instruction in law, have distributed to their students and prospective students various circulars and form letters purporting to describe their courses of instruction and the results that may be expected from the study thereof. Among and typical of the representations made in said circulars and form letters are the following:

For more than half a century this organization has specialized exclusively in teaching law to students all over the world through the extension method. Our text writers and faculty excel in numbers and brilliance those of any other law school, resident or nonresident * * *. The instruction plan is thorough, yet easy to follow. It is a combination of the text reading and study of leading illustrative cases—the method used in all schools given a Class "A" rating by the American Association of Law Schools. The Blackstone College of Law is the only nonresident school using this method.

The Blackstone Legal Training Course combines text reading with the study of leading illustrative cases—recognized as the best and most thorough law instruction plan yet devised. The American Association of Law Schools does not give an "A" rating to schools which teach by text alone. Class "A" resident law schools use the case method supplemented by class lectures and text reading. This approximates the Blackstone plan. The Blackstone College of Law is the only nonresident law school using the standard method * * *. The Blackstone Legal Training Course and Service covers 60 different law subjects—20 more than offered by any other nonresident law school. These are the same type of subjects taught in such leading university law schools as Harvard, Yale, Columbia, Michigan, Northwestern, Chicago, Iowa and California. The principal difference is that the student, to study the Blackstone Course, does not have to leave his business and his home.

Complaint

44 F. T. C.

PAR. 4. In addition to the above and foregoing representations made in connection with the solicitation and sale of their courses of study and instruction in law, respondents, Blackstone College of Law, Inc., Harold L. Lister, and E. Stanley Gerig, subsequent to the entry of the United States into the present World War, have engaged upon an advertising campaign to sell diplomas and law degrees to former students who have not completed the courses of study and instruction ordinarily required for such diplomas and law degrees.

Among and typical of the representations made by the said respondents in connection with the solicitation for the sale of said diplomas and degrees are the following:

America is engaged in an all out war program. Very soon every adult person will have some kind of part in the victory effort. The ones to be selected to take the leading parts will be those who are law trained and who can show documentary proof to that effect. Many of our students have come to sudden realization of this fact and as a result we have recently been besieged with requests for an emergency plan of graduation. The plea being that under the war stress there is now no time to complete the balance of the written work. This, of course, does not excuse prior failure to graduate while time was still available. Nevertheless, to accommodate those who are making urgent requests for their diplomas we hereby announce a *New Emergency Graduation Plan*: You have had your Blackstone law books and lessons for years and it is a certainty that you must have read and studied all this material carefully many times. Such comprehensive study is the basic requirement for graduation and if you have completed it, is there any reason why we cannot accept *your own certification* to that effect, thus making you eligible for immediate graduation and the award of the Bachelor of Laws degree? We have therefore prepared an appropriate Certification Form which you will find enclosed. Simply affix your name, address and enrollment number and mail back to us *At Once*. We will clear your application within twenty-four hours after its receipt here and will then send you a letter confirming the degree award. This will be followed a few days thereafter by the strikingly handsome diploma itself. Naturally, there is an item of expense in connection with this plan which we know you will be happy to defray. There is the cost of the impressive diploma and the expense of engraving it, certifying, mailing, etc. This comes to a total of \$9.50. Attach your remittance for that sum to your application.

If, as the experts tell us, the United States is in for a long war, then you may be absolutely sure that soon *you* will be called upon to take *your* place in the victory effort. *Be Ready When That Call Comes!* Make sure now that your educational credentials are complete. Your educational credits will play a tremendous part in qualifying you for the best possible position. Is it still possible to qualify for that all important L. L. B. diploma, you ask. *Yes—And At Once*. All the leading educational institutions of the country have adopted plans to speed graduation and here is our *Emergency Graduation Plan!* You have some law credits here at the college now and if you can certify that you have actually studied the balance of the course, we can grant you enough additional credits on that certification to allow you to *graduate At Once*. If

there are any subjects you have not yet studied you can do this work during the next two or three days and still have time enough to get your certification to us. The Certification Form is enclosed. Sign and send to us as quickly as possible. We will check it immediately and will then send you a letter stating that you have been awarded the degree of Bachelor of Laws. This will be followed a few days thereafter by the strikingly handsome L. L. B. diploma itself. In view of the fact that your student privileges (as per previous notice to you) have long since lapsed, we shall expect you to defray the modest cost of this *Emergency Graduation Plan*. The figure is \$11.50. Remit with the application.

Here is the best piece of news you ever received in your life. For years you have been taking halting steps toward graduation but getting nowhere. Today your goal is in sight. Every obstacle has now been removed out of your way * * * The worthwhile government positions and the army and navy commissions are going to the men with adequate educational qualifications and diplomas to prove it. *The diploma is of paramount importance.* It represents the difference between an enviable position or commission and an indifferent one or none at all.

Here is the *most startling* announcement we have ever made to our alumni: A new division has just been added to our Post Graduate Department which will enable registrants to qualify for one of the most highly prized degrees in the legal field; the degree of Master of Laws, L. L. M. * * * These forms, when completed, are then to be submitted to us for correction and grading, after which you will receive your letter of graduation, containing the grade, and this will be followed shortly thereafter by the strikingly handsome Master of Laws diploma itself; a most impressive document * * * Members of the *Charter Class* will be entered at an absurdly low fee; only \$22.50.

Dear J. D. Candidate * * * The advanced degree of *Juris Doctor* should be a tremendous help to you. But you need it *now*—not a year from today. So unless your thesis is practically complete at this time, some other plan will have to be used for your graduation so that you may have your J. D. degree immediately. Luckily we have been able to formulate a plan which will enable you to declare for your degree award at once. * * * A special application from incorporating the revised graduation provisions appears at the end of this letter * * * Attach your check for \$11.75 to cover the cost of the impressive J. D. diploma itself, and the expense of verification, engrossing, sealing, certifying, registering and mailing * * * This matter is urgent—vital, not only to you but to your family. You simply must make your attributes stand out above the others and to do that you will need all possible educational qualifications and you need them *now*. The same thing is true if you intend to apply for one of the many worthwhile army or navy commissions which are now available to men with executive qualifications.

PAR. 5. By means of the representations set out in paragraph 3 hereof and others of similar import and effect, the respondents, Blackstone College of Law, Inc., Harold L. Lister, and E. Stanley Gerig, have represented to members of the public that respondent Blackstone College of Law, Inc., is a large, long-established, and well-equipped law school, with a faculty of many well-known and scholarly

Complaint

44 F. T. C.

instructors, and using a method of teaching law comparable to the methods used by leading resident law schools, including Harvard, Yale, and Columbia. They have also represented, by implication and inference, that Blackstone College of Law, Inc., is a recognized and standard law school, that it has been given an A rating by the American Association of Law Schools, and that its courses of instruction are comparable in every respect to those used in the leading university law schools.

PAR. 6. In truth and in fact, Blackstone College of Law, Inc., is not a large, long-established, and well-equipped law school, and does not have a large faculty of well-known and scholarly instructors. The only lawyers employed by it in any capacity are two local attorneys who examine and grade the written lessons sent in from time to time by its students. Respondents, Harold L. Lister and E. Stanley Gerig, president and secretary respectively, of said Blackstone College of Law, Inc., are not lawyers, and are not equipped, either by education or experience, to give instruction in law, and said Blackstone College of Law, Inc., has no faculty in the ordinary meaning of the term. Its courses of instruction and methods of teaching law are not comparable in any respect to those used by leading university law schools. Blackstone College of Law, Inc., has no standing as an accredited and recognized law school, and it has not been given an A rating or any other rating by the American Association of Law Schools.

PAR. 7. By means of the representations set-out in paragraph 4 hereof and others of similar import and effect, the respondents, Blackstone College of Law, Inc., Harold L. Lister, and E. Stanley Gerig, have represented to members of the public that it is important, essential, and helpful for a person to exhibit law diplomas and degrees in seeking or in order to qualify for commissions in the Army and Navy or desirable civilian positions in connection with the war effort, and that in response to requests of its former students it is offering a special accelerated graduation plan on account of the wartime emergency. Said respondents further represent that, because of the "certainty" that the former students of Blackstone College of Law, Inc., have read and studied carefully the law books and lessons previously furnished them, there is no reason why they are not eligible for immediate graduation and award of the various legal degrees for which they had previously been candidates, including bachelor of laws (LL. B.), master of laws (LL. M.), juris doctor (J. D.), and the pretended degree of graduate of laws (LL. G.), and that these degrees will play an important part in qualifying said former students for positions and part in the war effort. They further represent that this

policy is in accordance with current plans used by all the leading educational institutions in the country to speed graduation and aid the war effort, and that all that is reasonably necessary for the proper and legal award of the various law degrees hereinbefore mentioned is the certification of the student that he has studied the balance of the course for which he had formerly enrolled. Said respondents further represent that the sums required to receive the desired law degrees and diplomas, which sums range from \$9.50 to \$22.50, merely cover the cost of the diploma, and the necessary expenses of engrossing, certifying, and mailing same.

PAR. 8. In truth and in fact, said respondent's so-called New Emergency Graduation Plan is not a legitimate plan to accelerate and intensify the education of students so as to qualify them for positions in aid of the war effort, but is merely a false and fraudulent plan and scheme to sell law degrees and diplomas for money, without requiring of the student any of the study and effort usually and customarily required of candidates for law degrees. In effect, said respondents are operating a "diploma mill," by offering to sell law diplomas and degrees of various kinds to former students merely upon the payment of stipulated sums of money, and without the fulfillment of any reasonable scholastic effort or study. Respondents' so-called new emergency graduation plan was invented, not in response to requests of former students to accelerate their legal training so as to entitle them to diplomas and degrees, but to enable the respondents to "cash in" on the normal and natural desire of an individual to possess and exhibit a law degree, particularly where such a degree is offered without the hard and prolonged study and effort, usually and customarily required to obtain such a degree. Many of the former students to whom Blackstone College of Law, Inc., offered its so-called New Emergency Graduation Plan had not engaged in law study in recent years, and some of them had not sent in any written lessons for 10 or 15 years last past, or evidenced any interest or desire to complete respondents' course of instruction. It is not a "certainty" that they have read and studied carefully the law books and lessons previously furnished them and there is no reasonable basis or excuse for the granting of diplomas or degrees indiscriminately to students who have long since dropped or discontinued their legal study.

The acquisition and possession of a law degree usually and customarily is the result of long and arduous study, legal attainment, and effort. Law degrees and diplomas from schools and universities of recognized standing and scholarships are rightfully regarded as certifi-

Complaint

44 F. T. C.

cates of legal scholarship and learning in the science of jurisprudence. Civilian and military officials responsible for the appointment of individuals to positions of honor and authority in the direction of the war effort of the United States customarily attach great weight and importance to such law degrees and diplomas in considering the merits and qualifications of candidates for commissions in the armed forces and for positions of importance in civil life. The practices of respondents in granting law degrees and diplomas to unqualified persons has the tendency and capacity to mislead and deceive such responsible civilian and military officials into the making of improper appointments, to the injury and prejudice of holders of law degrees and diplomas from recognized and legitimate institutions of learning.

Respondents' so-called new emergency graduation plan is not in accordance with any of the current plans used by leading educational institutions to speed graduation, since none of the recognized and legitimate schools and colleges of the country permit or allow the issuance of degrees or diplomas to former students without adequate educational preparation and merely upon the certification of the former student that he has studied the balance of the course for satisfactory completion of which a degree is customarily awarded.

Furthermore, the sums of money demanded by respondent, Blackstone College of Law, Inc., in payment for the granting of law degrees and diplomas do not represent merely the cost of the diploma and the necessary expenses of engrossing, certifying, and mailing same, but represent a substantial net profit to the said respondent. In truth and in fact, said pecuniary profit accruing to said respondent is the real motivating purpose underlying said respondent's entire method and plant of granting law degrees and diplomas under its so-called new emergency graduation plan heretofore set out in this complaint.

PAR. 9. Respondent, Blackstone-Sprague School, Inc., is affiliated with and controlled by and occupies the same offices with, respondents, Blackstone College of Law, Inc., and respondents, Lister and Gerig. It has no faculty except the respondent, E. Stanley Gerig, who is not a graduate of any college or university, either resident or nonresident. It purports to teach professional short-story writing by correspondence, but it has no facilities, equipment, or faculty adequate for such purpose. In truth and in fact, it is used by the respondents herein merely as a sham or blind for the purpose of enabling the respondent, Blackstone College of Law, Inc., to collect money for awarding to unqualified persons honorary degrees of doctor of laws (LL. D.) under the following plan: Blackstone-Sprague School, Inc., issues a so-called

scholarship certificate, which is negotiable and exchangeable at any time for a fully paid short story course enrollment. Respondents represent that upon receipt of \$41 in payment of a subscription for said scholarship certificate, Blackstone College of Law, Inc., will award, and it does pretend to award, to said subscriber the degree of doctor of laws (LL. D.), purportedly in recognition of his "contribution to the cause of adult home-study education." Said degree of doctor of laws (LL. D.) is thus awarded indiscriminately to individuals of no outstanding attainments or qualifications customarily recognized by the award of such degree, with no other restriction or requirement than the payment of said sum of \$41. Most individuals who subscribe for the so-called scholarship certificate issued by the respondent Blackstone-Sprague School, Inc., have no intention or desire to pursue a course in short-story writing, but purchase same in order to receive the promised degree.

PAR. 10. The foregoing acts and practices used by respondents in connection with the offering for sale of said courses of study and instruction have had, and now have, the tendency and capacity to mislead purchasers and prospective purchasers thereof into the erroneous and mistaken belief that such representations, as herein alleged, are true, and to induce them to purchase such courses of study and instruction and degrees granted in connection therewith.

PAR. 11. 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 March 15, 1943, issued and subsequently 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 that act. After the filing by respondent, E. Stanley Gerig, of his answer to the complaint (no answer having been filed by the other respondents), testimony and other evidence in support of and in opposition to 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 proceeding regularly came on for final consideration by the Commission upon the complaint, answer of

respondent, E. Stanley Gerig, testimony, and other evidence, recommended decision of the trial examiner, and exceptions thereto, and briefs in support of and in opposition to the complaint (oral argument not having been requested); and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Blackstone College of Law, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business now located at 225 North Michigan Avenue, Chicago, Ill. The corporation is, and for a number of years last past, has been engaged in the sale and distribution of courses of study and instruction in law which are pursued by correspondence through the medium of the United States mails. The corporation also trades under the name Blackstone-Sprague School, Inc., being engaged in the sale and distribution, under this name, of courses of study and instruction in short story writing. While Blackstone-Sprague School, Inc., was referred to in the complaint as a corporation, this was erroneous, the school being merely a department or division of Blackstone College of Law, Inc.

Respondent, Harold R. Lister (referred to in the complaint as Harold L. Lister), is president and treasurer of the respondent corporation and formulates its policies and directs and controls its practices.

Respondent, E. Stanley Gerig, first became connected with the respondent corporation in 1941, severing his connection about 2 years later. While he had the title of vice president and secretary, he had little to do with the policies or management of the corporation, his duties being largely of a clerical nature. In the circumstances the Commission is of the view that the complaint should be dismissed as to this respondent, and the term respondents, as used hereinafter, will therefore include only respondents, Blackstone College of Law, Inc., and Harold R. Lister.

PAR. 2. Respondent, Blackstone College of Law, Inc., causes and has caused its courses of study and instruction, when sold, to be transported from its place of business in the State of Illinois to purchasers thereof located in various other States of the United States and in the District of Columbia. The corporation maintains and at all times mentioned herein has maintained a course of trade in its courses of

study and instruction in commerce among and between various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of its business and for the purpose of inducing the purchase of its courses of study and instruction, the corporation distributes among prospective students various circulars, form letters, and other advertising material purporting to describe the school and its courses of study and instruction. Among and typical of the representations made in such advertising material are the following: .

For more than half a century this organization has specialized exclusively in teaching law to students all over the world through the extension method. Our text writers and faculty excel in numbers and brilliance those of any other law school, resident or nonresident (Comm. Ex. 1-A).

The instruction plan is thorough, yet easy to follow. It is a combination of text reading and study of leading illustrative cases—the method used in all schools given a Class “A” rating by the American Association of Law Schools. The Blackstone College of Law is the only nonresident school using this method (Comm. Ex. 1-A).

The Blackstone Legal Training Course combines text reading with the study of Leading Illustrative Cases—recognized as the best and most thorough law instruction plan yet devised. The American Association of Law Schools does not give an “A” rating to schools which teach by text alone. Class “A” resident law schools use the Case Method supplemented by class lectures and text reading. This approximates the Blackstone plan. The Blackstone College of Law is the only nonresident law school using this standard method (Comm. Ex. 1-G).

The Blackstone Legal Training Course and Service covers 60 different law subjects—20 more than offered by any other nonresident law school. These are the same type of subjects taught in such leading university law schools as Harvard, Yale, Columbia, Michigan, Northwestern, Chicago, Iowa, and California. The principal difference is that the student, to study the Blackstone Course, does not have to leave his business and his home (Comm. Ex. 1-G).

PAR. 4. Through the use of these representations and others of similar import respondent, Blackstone College of Law, Inc., has represented, directly or by implication, that it is a large law school with a faculty of many well-known and scholarly instructors; that its methods of teaching and courses of instruction are comparable with those used by the leading resident law schools; and that it is a recognized and standard law school which has been given an A rating by the Association of American Law Schools.

PAR. 5. The Commission finds from the evidence that these representations were erroneous and misleading. Actually, the school is operated from an office comprising four rooms and a stock room. There are some four employees, who handle the clerical work. The faculty consists of two practicing attorneys in Chicago who devote only a portion of their time to the school, their duties consisting of grading

Findings

44 F. T. C.

the papers or lessons sent in by the students. Neither respondent, Harold R. Lister, nor respondent, E. Stanley Gerig, is a lawyer. All of the work is by correspondence, there being no resident students. Neither the teaching methods nor the courses of instructions are comparable with those used by leading resident law schools. The school is not a standard or recognized law school and has never been approved or given any rating of any kind by the Association of American Law Schools.

PAR. 6. A further practice of the school has been the institution and use of a so-called emergency graduation plan, this plan having been adopted shortly after the entrance of the United States into the late war. In carrying out the plan the school sent form letters to many persons who had at some time in the past enrolled as students but who had not, according to the school's records, completed the courses of study. In these letters the former students were offered a degree if they would certify that they had in fact completed the courses of study and would pay a designated amount of money. One of these form letters, which is fairly typical of the material used, was dated February 2, 1942, and read as follows:

DEAR STUDENT: If, as the experts tell us, the United States is in for a long war, then you may be absolutely sure that soon YOU will be called upon to take YOUR place in the Victory effort. Maybe you will be nominated for a commission in the Army or the Navy or maybe you will be called to an important place in the industrial world.

BE READY WHEN THAT CALL COMES! Make sure NOW that your educational credentials are complete. Your educational credits will play a tremendous part in qualifying you for the best possible position. Do you need evidence of this? Then read in the accompanying folder what some of your fellow Blackstone students have to say; students and graduates who have their diplomas to show and who are now playing an important part in the Victory program.

Is it still possible to qualify for that all important LL. B. diploma, you ask. YES—AND AT ONCE. All the leading educational institutions of the country have adopted plans to speed graduation and here is our EMERGENCY GRADUATION PLAN: You have some law credits here at the College now and if you can certify that you have actually studied the balance of the Course, we can grant you enough additional credits on that certification to allow you to GRADUATE AT ONCE. *If there are any subjects you have not yet studied you can do this work during the next two or three days and still have time enough to get your certification to us.*

The Certification Form is enclosed. Sign and send to us as quickly as possible. We will check it immediately and will then send you a letter stating that you have been awarded the degree of Bachelor of Laws. This will be followed a few days thereafter by the strikingly handsome LL. B. diploma itself.

In view of the fact that your student privileges (as per previous notice to you) have long since lapsed, we shall expect you to defray the modest cost of

this EMERGENCY GRADUATION PLAN. The figure is \$11.50. Remit with the application.

If these were normal times we would insist that you actually complete the balance of your *written* work before allowing you to graduate. But we are at war and you need your LL. B. degree NOW to enable you to take your rightful place in the Victory effort. Time is of the essence. *This offer cannot be made again* and we must insist, therefore, that your reply and remittance reach us not later than February 28, 1942; SOONER IF POSSIBLE. Use the Air Mail, if necessary, but make sure that your application gets here in plenty of time (Comm. Ex. 3).

Many of the persons addressed executed the certificate, remitted the prescribed amount, and received the degree. Many of these persons had not in fact completed the courses of study and some had no contact with the school for a number of years, having apparently abandoned their studies.

In addition to the degree of bachelor of laws, the school also offered, but on different terms, the degrees of master of laws and juris doctor. One of the form letters used in connection with the master of laws degree read as follows:

DEAR ALUMNUS: Here is the MOST STARTLING announcement we have ever made to our alumni: A new division has just been added to our Post Graduate Department which will enable registrants to qualify for one of the *most highly prized degrees* in the legal field: the degree of

MASTER OF LAWS, LL. M.

Registration is limited to those who have the LL. B. degree, or a degree of comparable value, and to attorneys at law.

PRESCRIBED WORK: The work assigned in this new Post Graduate Division is rather novel. You will be given a problem involving a breach of written contract in which the aggrieved party is planning to file suit. All details of the contract and of the breach will be provided. Acting as the attorney for the plaintiff, you will then prepare the Bill of Complaint to be filed in court. The other party to the contract, however, feels that he has a valid defense, the full details of which will be set forth. So, after preparing the Bill of Complaint you will then switch positions, act as attorney for the defendant, and prepare his Answer.

We will provide you with the necessary blank legal forms although you will be at liberty to furnish your own if you wish, following the forms used in your own State. References will be given to sections of your Modern American Law texts to study and forms therein to follow. These forms, when completed, are then to be submitted to us for correction and grading after which you will receive your letter of graduation, containing the grade, and this will be followed shortly thereafter by the strikingly handsome Master of Laws diploma itself, a most impressive document.

The FIRST Class, which will be known as the CHARTER CLASS, will open on Monday, June 8th, 1942. Registration must reach us not later than that

date. The membership will be limited so that it will be necessary for you to act at once.

Members of the CHARTER CLASS will be entered at an absurdly low fee; only \$22.50. This can be paid \$7.50 with the application, balance at \$5.00 a month, or take advantage of the cash discount by sending in \$19.75 in full with registration. The fee for subsequent classes will be \$41.00.

Applications will be accepted in the order of receipt and when the class limit has been reached, further applications will be declined at this price. Join the CHARTER CLASS by sending in your application IMMEDIATELY. Today, as never before, you need every possible educational qualification in order to take your rightful place in the war effort. So don't let this heaven-sent opportunity pass. Use the Air Mail, if necessary, but make sure your application GETS HERE ON TIME (Comm. Ex. 7-A).

A further practice of the school was the conferring of the honorary degree of doctor of laws. In this activity the school utilized, in addition to its own name, the name Blackstone-Sprague School, Inc. The carrying out of the plan involved the issuance, under the name of the latter school, and for a consideration of \$41 in cash or \$49 payable in installments, of a scholarship certificate entitling the holder to a course of instruction in short story writing. The certificate also entitled the holder to a doctor of laws degree from the law school, the degree to be awarded in "recognition" of the holder's "contribution to the cause of adult home-study education." The application for the certificate and degree read in part as follows:

APPLICATION FOR SCHOLARSHIP CERTIFICATE AND THE LL. D.
DEGREE

BLACKSTONE COLLEGE OF LAW,
307 North Michigan Avenue, Chicago, Ill.

Gentlemen:—Please accept my subscription for one negotiable \$67 Scholarship Certificate issued by your affiliated organization, the Blackstone-Sprague School, and exchangeable at any time for a fully paid Short Story Course enrollment. I agree to pay therefor as follows:

Check one \$41.00 in full herewith, or

\$49.00—\$4.00 herewith, balance at \$5.00 per month until fully paid.

It is understood and agreed that as soon as this subscription is paid in full, you are to award me, in recognition of my contribution to the cause of adult home-study education, the degree of DOCTOR OF LAWS and you are to provide me with the appropriate diploma with my name engrossed thereon as follows: (Comm. Ex. 9-A).

PAR. 7. From the foregoing statement of facts it is clear that respondent school made no serious effort to establish or maintain genuine scholastic standards or requirements. No reputable institution of learning would consider the indiscriminate awarding of degrees upon the basis of a mere statement or certificate by an individual that he

had completed the course of study. The method followed in the awarding of the honorary degree of doctor of laws obviously was a mere sham, devised by respondents solely for the purpose of collecting the stipulated monetary consideration. Respondents' practices constituted little less than the outright sale of purported academic degrees.

An academic degree connotes scholarship and intellectual achievement. At the very least the conferring of a degree implies that the recipient has seriously pursued and has completed certain prescribed courses of instruction under competent supervision. An honorary degree implies outstanding achievement either in the academic field or in some other field of worthy endeavor. The granting by respondents of purported degrees in the manner herein described constitutes an imposition and fraud upon the public and upon the Nation's educational system. The practice is also manifestly unfair to legitimate holders of genuine academic degrees and to students seriously undertaking to obtain such degrees. Moreover, the practice is unfair even to the recipients of respondents' degrees. The conferring or granting of such degrees constitutes within itself a representation by respondents that the degrees have academic value and are recognized in the educational field. Actually, the degrees are wholly without academic value. They would not be recognized by any reputable educational institution.

PAR. 8. The acts and practices of respondents as herein set forth, including the granting of purported academic degrees, have the tendency and capacity to mislead and deceive a substantial portion of the public with respect to respondent school and its courses of instruction and with respect to the purported degrees conferred by respondents, and the tendency and capacity to cause a substantial portion of the public to purchase respondents' courses of study and instruction and purported degrees as a result of the erroneous and mistaken belief so engendered.

CONCLUSION

The acts and practices of respondent as herein found are all to the prejudice of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent,

Order

44 F. T. C.

E. Stanley Gerig (no answer having been filed by the other respondents), testimony, and other evidence introduced before a trial examiner of the Commission theretofore duly designated by it, recommended decision of the trial examiner and exceptions thereto, and briefs in support of and in opposition to the complaint (oral argument not having been requested); and the Commission having made its findings as to the facts and its conclusion that certain of the respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That respondent, Blackstone College of Law, Inc., a corporation trading under its own name and also under the name Blackstone-Sprague School, Inc., and its officers, and respondent, Harold R. Lister, individually and as an officer of said corporation, and said respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of courses of study and instruction, do forthwith cease and desist from:

1. Representing, directly or by implication, that respondent, Blackstone College of Law, Inc., is a large law school or that it has a faculty of many well known and scholarly instructors.

2. Representing, directly or by implication, that the methods of teaching or courses of instruction used by said Blackstone College of Law, Inc., are comparable with those used by leading resident law schools.

3. Representing, directly or by implication, that said Blackstone College of Law, Inc., is a recognized or standard law school, or that it has been approved or given any rating by the Association of American Law Schools.

4. Issuing diplomas or degrees (other than so-called honorary degrees) unless the recipients have in fact completed satisfactorily a regularly prescribed course of study under competent supervision.

5. Conferring or granting so-called honorary degrees where the sole or primary basis for such action is the payment by the recipient of a monetary consideration.

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 herein be, and it hereby is, dismissed as to respondent E. Stanley Gerig.

Syllabus

IN THE MATTER OF

AMERICAN REFRACTORIES INSTITUTE ET AL.

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

Docket 4900. Complaint, Feb. 5, 1943—Decision, Apr. 13, 1948

In a proceeding in which a trade association, its corporate member manufacturers, and various individuals as officers thereof and members of its different committees and groups, were charged with various concerted acts and agreements in restraint of trade and competition, including agreements through provisions in their code and standard terms of sale relating to such matters as the specification of terms and conditions of sale, a prohibition against certain service guarantees, definitions of various classes of customers, and a contract provision requiring resale-price maintenance, and in which it appeared that, while there had been no further statement of said agreements since the return of an indictment against the association and some of its members by the Department of Justice, there was no decree or order which forbade the resumption thereof, it was recognized that since the corporate members for a period of many years had entered into and maintained agreements of such character, there was a probability of like collective action in the absence of a definite prohibition against it.

As respects the inclusion, through concert of action of one form or another, of provisions in a code of a trade association and in standard terms of sale thereof, relating to such matters as the specification of terms and conditions of sale, a prohibition against certain service guarantees, definitions of various classes of customers, and a contract provision requiring resale-price maintenance; while consideration was given to the fact that most of the provisions in said code and standard terms of sale had included terms and conditions of sale used in the industry over a period of years, the Commission was of the opinion that such fact did not justify respondents in the proceeding concerned in agreeing to formulate or adopt specific terms and conditions, or definitions of classes of customers, to be used by all of them in making their quotations and sales.

Where a trade association of manufacturers of refractory products, said manufacturers, and certain individuals associated therewith, as hereinafter set out; namely—

I. Said association, which was incorporated on or about April 14, 1925, by fourteen concerns, together with representatives of other manufacturers and sellers of refractory products, used in furnaces and other devices producing heat of sufficient intensity to melt or soften ordinary metals or ceramic materials, and consumed by the iron and steel industry largely, and also to a large, but lesser extent by the glass, copper-smelting, cement, and wood-pulp industries; and which—

(1) Carried on and developed various practices and policies of a prior unincorporated trade association, which, in existence from about March 5, 1913, until April 29, 1925, had many of the same members and functioned in the same manner.