

Complaint

IN THE MATTER OF

LLOYDS SPORTSWEAR COMPANY, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 5862. Complaint, Mar. 26, 1951—Decision, Dec. 29, 1951

Where a corporation and its two officers, engaged in the manufacture, and sale and distribution in commerce, of wool products as defined in the Wool Products Labeling Act—

- (a) Misbranded certain ladies' skirts within the intent and meaning of said Act and the Rules and Regulations promulgated thereunder in that, tagged or labeled as "50% wool 50% rayon" the aggregate of the woolen fibers constituted less than 50 percent of said skirts, and they contained more than 50 percent of rayon; and
- (b) Misbranded said products further in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than 5 percent of the total fiber weight:

Held, That such acts and practices, under the circumstances set forth, were in violation of Sections 3 and 4 of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices.

In said proceeding while the hearing examiner, in arriving at the foregoing conclusion, gave full consideration to the protestations and explanations of respondents concerning their reputation and standing in the trade as manufacturers of clothing in large volume: that for upwards of twenty years they and their predecessors in interest had enjoyed an enviable record for honesty and integrity; and that the respondents could have made no material gain by substituting one fabric for the other; such matters, nevertheless, were not of sufficient cogency to warrant action other than the cease and desist order included in the decision.

Before *Mr. James A. Purcell*, hearing examiner.

Mr. Russell T. Porter for the Commission.

Mr. David Leavenworth, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Lloyds Sportswear Company, Inc., a corporation, and Isaac N. Hazan and Max Orlinsky, individually and as officers of Lloyds Sportswear Company, Inc., hereinafter referred to as respondents, have violated the provisions of said Acts

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and Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents, Lloyds Sportswear Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of New York State, with its office and principal place of business located at 224 West 35th Street, New York, N. Y.

PAR. 2. Subsequent to February 1, 1950, respondents manufactured for introduction into commerce, introduced into commerce, offered for sale in commerce and sold and distributed in commerce as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool products" are defined therein. The said wool products included ladies' skirts which were made by respondents from a fabric designated as "Parker-Wilder 1121," purchased from Strand Woolen Co.

PAR. 3. Upon the labels affixed to the said skirts appeared the following:

Lloyds Sportswear Co.

Style 835

WPL-6007

50% Wool

50% Rayon

Size 24.

PAR. 4. The said skirts were misbranded within the intent and meaning of the said Act and the Rules and Regulations thereunder, in that they were falsely and deceptively labeled with respect to the character and amount of their constituent fibers. In truth and in fact, the said skirts were not 50% wool as "wool" is defined in the said Act. The aggregate of the woolen fibers therein constituted less than 50% of the said skirts and they contained more than 50% rayon. The said articles were further misbranded in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than five percentum of the total fiber weight.

PAR. 5. The person by whom the piece goods, from which said skirts were made by respondents, were manufactured for introduction into commerce affixed thereto labels and tags as required by said Act containing information with respect to its fiber content as follows:

20% Wool

30% Reprocessed Wool

50% Rayon.

Respondents have further violated the provisions of the Wool Products Labeling Act of 1939 by substituting for said tags and affixing

to the said skirts tags and labels containing information set forth in Paragraph Three herein with respect to the content thereof which was not identical with the information with respect to such content upon the tags and labels as affixed to the wool product from which said skirts were made by the person by whom it was manufactured for introduction into commerce.

PAR. 6. The aforesaid acts and practices of respondents as herein alleged were in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated December 29, 1951, the initial decision in the instant matter of Hearing Examiner James A. Purcell, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission on March 26, 1951, issued and subsequently served its complaint in this proceeding upon the respondents, Lloyds Sportswear Company, Inc., a corporation, and Isaac N. Hazen and Max Orlinsky, individually and as officers of the Lloyds Sportswear Company, Inc., charging said respondents with the use of unfair and deceptive acts and practices in commerce in violation of said Acts. On April 6, 1951, respondents filed their joint answer denying certain charges of the complaint and pleading insufficient knowledge or information to form a belief as to the truth or falsity of the other charges of the complaint.

No hearings have been held for the reception of testimony or evidence.

Under date of May 11, 1951, respondents through their counsel, and the attorney in support of the complaint, entered into a "Stipulation as to the Facts," stating that respondents are desirous of expediting this proceeding and avoiding the expense incident to the taking of testimony; also that the facts set forth in the stipulation may be taken as the facts in this proceeding in lieu of evidence in support of the charges stated in the complaint or in opposition thereto, and that

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the Hearing Examiner may proceed thereon with the making of his Initial Decision stating his findings as to the facts, inferences which he may draw therefrom, his conclusion based thereon and enter his order disposing of the proceeding.

Thereafter, the proceeding regularly came on for final consideration by the above-named Hearing Examiner theretofore duly designated by the Commission upon said complaint and the aforesaid "Stipulation as to the Facts"; and said Hearing Examiner, having duly considered the record herein, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusions drawn therefrom, and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Lloyd Sportswear Company, Inc., (erroneously designated in the complaint as "Lloyds Sportswear Company, Inc."), is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at No. 224 West 35th Street, New York, New York; that respondents Isaac N. Hazan and Max Orlinsky are respectively, President and Secretary of Lloyd Sportswear Company, Inc., and as such are in control of its operation; that said corporation is, in fact, the instrumentality through which respondents Hazan and Orlinsky conduct their business.

PAR. 2. Subsequent to February 1, 1950, respondents manufactured for introduction into commerce, introduced into commerce, offered for sale in commerce and sold and distributed in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool products" are defined therein. The said wool products included ladies' skirts which were made by respondents from a fabric designated as "Parker-Wilder 1121" purchased from Strand Woolen Co.

PAR. 3. Upon the tags or labels affixed to the said skirts the following information or declaration as to fiber content of said skirts appeared:

50% wool
50% rayon

PAR. 4. The said skirts were misbranded within the intent and meaning of said Wool Products Labeling Act of 1939, and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively labeled with respect to the character and amount of their constituent fibers. In truth and in fact the said skirts were not 50% wool, as "wool" is defined in said Act; the aggregate of the

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woolen fibers therein constituted less than 50% of the said skirts and they contained more than 50% of rayon. Said articles were further misbranded in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than five percentum of the total fiber weight.

CONCLUSIONS

The aforesaid acts and practices and methods of respondents as found were and are in violation of Sections 3 and 4 of the Wool Products Labeling Act of 1939 and of the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

In arriving at the foregoing conclusion the Hearing Examiner has given full consideration to the protestations and explanations of respondents concerning their reputation and standing in the trade as manufacturers of clothing in large volume; that for upwards of twenty years they and their predecessors in interest have enjoyed an enviable record for honesty and integrity and that the respondents "could have (made) no material gain by substituting one fabric for the other." Giving all possible weight to the foregoing the fact remains that none are of sufficient cogency to warrant action other than issuance of the following:

ORDER

It is ordered, That the respondents Lloyd Sportswear Company, Inc., a corporation, and Isaac N. Hazan and Max Orlinsky as officers of said Lloyd Sportswear Company, Inc., and also in their individual capacities, their respective representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the sale, transportation or distribution in commerce, as "commerce" is defined in the aforesaid Acts, of ladies' skirts or other wool products, as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain or in any way are represented as containing "wool," "reprocessed wool" or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products:

1. By falsely and deceptively stamping, tagging, labeling or otherwise identifying such products;
2. By failing to securely affix to or place on such products a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

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(a) The percentage of the total fiber weight of such wool products, exclusive of ornamentation not exceeding five per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five per centum or more, and, (5) the aggregate of all other fibers.

(b) The maximum percentage of the total weight of such wool products of any nonfibrous loading, filling, or adulterating matter.

(c) The name or the registered identification number of the manufacturer of such wool products or of one or more persons engaged in introducing such wool products into commerce, or in the offering for sale, sale, transportation, or distribution thereof in commerce, as "commerce" is defined in the Federal Trade Commission Act and in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of section 3 of the Wool Products Labeling Act of 1939; and provided further, that nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of December 29, 1951].

Syllabus

IN THE MATTER OF

REGAL COLLECTION SERVICE, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5919. Complaint, Aug. 20, 1951—Decision, Dec. 31, 1951*

Where a corporation and two officers thereof, engaged in collecting account for others and in the interstate sale and distribution of reply post cards for obtaining information concerning delinquent debtors; in carrying on their said business under a plan whereby said cards, addressed to a debtor or his acquaintance, were sent by them, for mailing and return of replies to their agent at Washington, D. C.—

- (a) Falsely represented that they were engaged in conducting an employment agency or office or in compiling business or labor statistics and that the information requested was for such purposes, through use of the name "Employers Clearing House" on such cards, together with a Washington address and a request that the recipient answer and return the attached questionnaire, in which provision was made for supplying the current address of debtors and the names and addresses of their employers, and upon one side of which there was printed a box of figures similar to the arrangement on cards used for statistical purposes;
- (b) Falsely represented or implied, through mailing said cards from Washington and provision of a return address in said city, that the so-called "Employers Clearing House" was in some manner connected with the United States Government; and,
- (c) Placed in the hands of others, through supplying such cards and forms, the means of misrepresenting that they or their customers were engaged in operating an employment agency, or compiling labor or business statistics, and that the information was sought by or on behalf of some Government agency;

The facts being that such representations and their implications were false and misleading; and their business and sole purpose in sending such cards was to gain information by subterfuge in connection with the collection of accounts;

With tendency and capacity to mislead and deceive many persons to whom such cards were sent, into the erroneous belief that said representations were true, and to induce them to give information which they otherwise would not supply; and with the effect of placing in the hands of purchasers thereof a means for obtaining information concerning their debtors by subterfuge:

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. William L. Pack*, hearing examiner.

Mr. J. W. Brookfield, Jr. for the Commission.

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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 Regal Collection Service, Inc., a corporation, and Sidney Cross and Irving S. Raider, individually and as officers of said corporation, 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 Regal Collection Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan with its office and principal place of business located at Room 313, Calvin Theater Building, 22148 Michigan Avenue, Detroit, Michigan. Respondent Sidney Cross is president and treasurer and respondent Irving S. Raider is vice president and secretary of respondent corporation. All of the respondents have their principal place of business at the above address.

The individual respondents Sidney Cross and Irving S. Raider dominate, control and direct the policies of the said corporate respondent, and all of said respondents cooperate and act together in the performance of the acts and practices hereinafter set out.

PAR. 2. Respondents are now and have been for more than two years last past engaged in conducting a collection agency and in collecting accounts owed to others. This business is carried on in the name of Employers Clearing House.

Respondents are also and have been for more than two years last past engaged in the business of selling and distributing post cards designed and intended to be used by creditors, collection agencies and others in obtaining information concerning delinquent debtors. This business is carried on in the name of Skip Clearing House.

PAR. 3. Respondents, in the conduct of their collection agency business, engage in and have engaged in substantial commercial intercourse and communication in commerce with their agent, their clients and their clients' debtors located in various States of the United States and in the District of Columbia. In the conduct of their business in selling said post cards, respondents cause said post cards to be transported from their place of business in the various States of the United States and maintain, and have maintained at all times mentioned herein, a substantial course of trade in said post cards in commerce among and between the various States of the United States.

PAR. 4. In the course and conduct of their business as a collection agency, respondents frequently desire to ascertain the current address

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of persons from whom they are endeavoring to collect monies due their clients, and the names and addresses of employers of such persons, and have used the post cards of the type commonly referred to as double post cards. These cards are mailed in bulk by the respondents to their agent in Washington, D. C., and are in turn mailed by said agent to the addressees located in various States of the United States. One part of the card is addressed to and contains a message for the debtor or some acquaintance of the debtor. The message is as follows:

Will you please be kind enough to fill out the attached questionnaire as it is very important to the party whom we are enquiring about.

You may answer these questions or give this card to the subject mentioned, who no doubt will answer same, as we are bringing him up to date on employment questions for his future benefit.

Just detach after being filled out and return promptly.

THIS IS VERY IMPORTANT.

The card bears the name and return address, "Employers Clearing House, 410 Bond Building, Washington 5, D. C.," and also the following phraseology:

EMPLOYERS CLEARING HOUSE
Management Labor
Cooperation
Copyright 1950
By Employers Clearing House
Research Statistics

The reply part of the card is intended to be detached, filled out and mailed by the addressee. The following is a copy:

Type or Print	Area	REGISTRATION
REPLY CARD	Area -----	Classification No. -----
Subject -----		
Last Known		Do Not Write in Space Below
Address -----		For Office Only
Above named is now residing at -----		
Street	Day	Year Month
Town ----- State ----- Zone or RFD -----	1 11 21	1949 1
Present Employment -----	2 12 22	1950 2
Address ----- Dept. Badge -----	3 13 23	1951 3
Kind of Work -----	4 14 24	1952 4
Single -----, If Married, Wife's name -----	5 15 25	1953 5
Is She Employed? and Where -----	6 16 26	1954 6
How Many Children -----	7 17 27	1955 7
Does Subject Own Home? Yes ----- No -----	8 18 28	1956 8
Above information is required in order to bring	9 19 29	1957 9
subjects employment record up to date for	10 20 30	1958 10
future reference.	DATE REPORT REC'D	11
Thank you for your immediate reply.	CHECKED BY	12
PLEASE SIGN HERE -----		

Along the right side of the card a box of figures similar to the arrangement appearing on cards commonly used for statistical purposes is printed. Such cards as are filled in and mailed to the Washington, D. C., address are forwarded from Washington, D. C., by respondents' agents to respondents in the State of Michigan.

PAR. 5. The cards sold by respondents to others for use in obtaining information concerning debtors are the same as that illustrated above. When such cards are sold to others, the purchaser fills in the name of the debtors and addresses and forwards them in bulk to respondents at their place of business in Dearborn, Michigan. Respondents then forward said cards in bulk to their agent at Washington, D. C., and they are mailed at said place. Such of the reply cards as are filled out and mailed are received by said agent at Washington, D. C., and are then forwarded in bulk to respondents at Dearborn, Michigan. These cards are then forwarded to the original purchasers whom respondents are able to identify by a serial number which is placed upon the cards prior to their transmission to the purchasers.

PAR. 6. Through the use of the name Employers Clearing House and through the phraseology on and form of the cards, respondents represent that they are engaged in conducting an employment agency or employment bureau or office or in compiling business or labor statistics and that the information requested is for such purposes. The mailing of said cards from Washington, D. C., and providing a return address at said city has the tendency and capacity to lead the recipients to believe that the so-called Employers Clearing House is in some manner connected with the United States Government.

PAR. 7. The aforesaid representations and the implications therefrom are false and misleading. In truth and in fact, respondents are not conducting, and are in no way connected with, any employment bureau, business or labor statistical office and are not in any manner connected with the United States Government. Their business and the sole purpose in sending the said cards is to obtain information by subterfuge in connection with the collection of accounts and to provide a means and method by which such information may be obtained by those to whom they sell their said cards. By supplying said cards to purchasers they place in the hands of said purchasers a means and instrumentality by and through which they are able to obtain information concerning their debtors by subterfuge.

PAR. 8. The use as hereinabove set forth of the post cards upon which are printed the foregoing false and misleading statements and representations by respondents and their customers has had the tendency and capacity to mislead and deceive many persons to whom the said cards are sent into the erroneous and mistaken belief that said

statements and representations appearing on said cards were true and to induce such persons to give information which they would not otherwise supply.

PAR. 9. The aforesaid acts and practices of the respondents as herein alleged 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.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance," dated December 31, 1951, the initial decision in the instant matter of Hearing Examiner William L. Pack, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on August 20, 1951, 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. Thereafter, respondents filed their answer in which they admitted all of the material allegations of fact in the complaint and waived all intervening procedure and further hearing as to such facts. Subsequently, the proceeding regularly came on for final consideration by the above named hearing examiner, theretofore duly designated by the Commission, upon the complaint and answer, and the hearing examiner, having duly considered the matter, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusion drawn therefrom and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Regal Collection Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its office and principal place of business located at Room 313, Calvin Theater Building, 22148 Michigan Avenue, Dearborn, Michigan. Respondent Sidney Cross is president and treasurer and respondent Irving S. Raider is vice president and secretary of respondent corporation. All of the respondents have their principal place of business at the above address.

The individual respondents Sidney Cross and Irving S. Raider dominate, control and direct the policies of the corporate respondent, and all of the respondents cooperate and act together in the performance of the acts and practices herinafter set out.

PAR. 2. Respondents are now and have been for more than two years last past engaged in conducting a collection agency and in collecting accounts owed to others. This business is carried on in the name of Employers Clearing House.

Respondents are also and have been for more than two years last past engaged in the business of selling and distributing post cards designed and intended to be used by creditors, collection agencies and others in obtaining information concerning delinquent debtors. This business is carried on in the name of Skip Clearing House.

PAR. 3. Respondents, in the conduct of their collection agency business, engage in and have engaged in substantial commercial intercourse and communication in commerce with their agent, their clients and their clients' debtors located in various States of the United States and in the District of Columbia. In the conduct of their business in selling such post cards, respondents cause such cards to be transported from their place of business to purchasers in the various States of the United States and maintain, and have maintained at all times mentioned herein, a substantial course of trade in such post cards in commerce among and between the various States of the United States.

PAR. 4. In the course and conduct of their business as a collection agency, respondents frequently desire to ascertain the current address of persons from whom they are endeavoring to collect monies due their clients, and the names and addresses of employers of such persons, and have used post cards of the type commonly referred to as double post cards. These cards are mailed in bulk by the respondents to their agent in Washington, D. C., and are in turn mailed by such agent to the addressees located in various States of the United States. One part of the card is addressed to and contains a message for the debtor or some acquaintance of the debtor. The message is as follows:

Will you please be kind enough to fill out the attached questionnaire as it is very important to the party whom we are enquiring about.

You may answer these questions or give this card to the subject mentioned, who no doubt will answer same, as we are bringing him up to date on employment questions for his future benefit.

Just detach after being filled out and return promptly.

THIS IS VERY IMPORTANT.

The card bears the name and return address, "Employers Clearing House, 410 Bond Building, Washington 5, D. C.," and also the following phraseology:

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EMPLOYERS CLEARING HOUSE

Management

Labor

Cooperation

Copyright 1950

By Employers Clearing House

Research Statistics

The reply part of the card is intended to be detached, filled out and mailed by the addressee. The following is a copy:

Type or Print	Area	REGISTRATION
REPLY CARD	Area -----	*Classification No. -----
Subject -----		
Last Known		Do Not Write in Space Below
Address -----		For Office Only
Above named is now residing at -----		
	Street	Day Year Month
Town ----- State ----- Zone or RFD -----	1 11 21	1949 1
Present Employment -----	2 12 22	1950 2
Address ----- Dept. Badge -----	3 13 23	1951 3
Kind of Work -----	4 14 24	1952 4
Single -----, If Married, Wife's name -----	5 15 25	1953 5
Is She Employed? and Where -----	6 16 26	1954 6
How Many Children -----	7 17 27	1955 7
Does Subject Own Home Yes ----- No -----	8 18 28	1956 8
Above information is required in order to bring	9 19 29	1957 9
subjects employment record up to date for	10 20 30	1958 10
future reference.		DATE REPORT REC'D 11
		CHECKED BY 12

Thank you for your immediate reply.

PLEASE SIGN HERE -----

Along the right side of the card a box of figures similar to the arrangement appearing on cards commonly used for statistical purposes is printed. Such cards as are filled in and mailed to the Washington, D. C., address are forwarded from Washington, D. C., by respondents' agent to respondents in the State of Michigan.

PAR. 5. The cards sold by respondents to others for use in obtaining information concerning debtors are the same as that illustrated above. When such cards are sold to others, the purchaser fills in the names of the debtors and addresses and forwards the cards in bulk to respondents at their place of business in Dearborn, Michigan. Respondents then forward the cards in bulk to their agent at Washington, D. C., where they are mailed. Such of the reply cards as are filled out and mailed are received by respondents' agent at Washington, D. C., and are then forwarded in bulk to respondents at Dearborn, Michigan. These cards are then forwarded to the original purchasers, whom respondents are able to identify by a serial number which is placed upon the cards prior to their transmission to the purchasers.

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PAR. 6. Through the use of the name Employers Clearing House and through the phraseology on and the form of the cards, respondents represent that they are engaged in conducting an employment agency or employment bureau or office or in compiling business or labor statistics and that the information requested is for such purposes. The mailing of the cards from Washington, D. C., and providing a return address in that city has the tendency and capacity to lead the recipients to believe that the so-called Employers Clearing House is in some manner connected with the United States Government.

PAR. 7. These representations and the implications thereof are false and misleading. In truth and in fact, respondents are not conducting, and are in no way connected with, any employment bureau, business or labor statistical office and are not in any manner connected with the United States Government. Their business and the sole purpose in sending such cards is to obtain information by subterfuge in connection with the collection of accounts and to provide a means and method by which such information may be obtained by those to whom they sell their cards. By supplying the cards to purchasers they place in the hands of such purchasers a means and instrumentality by and through which the purchasers are able to obtain information concerning their debtors by subterfuge.

PAR. 8. The use as hereinabove set forth of the post cards upon which are printed the foregoing false and misleading statements and representations by respondents and their customers has the tendency and capacity to mislead and deceive many persons to whom such cards are sent into the erroneous and mistaken belief that the statements and representations appearing on such cards are true, and to induce such persons to give information which they would not otherwise supply.

CONCLUSION

The acts and practices of the respondents as hereinabove set out 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

It is ordered, That the respondents, Regal Collection Service, Inc., a corporation, and its officers, and Sidney Cross and Irving S. Raider, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution in commerce or the use in commerce, as "commerce" is

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defined in the Federal Trade Commission Act, of mailing cards, letters, or any other printed or written material of a substantially similar nature, do forthwith cease and desist from:

(1) Using the name, "Employers Clearing House," or any other word or words of similar import, to designate, describe, or refer to respondents' business; or otherwise representing, directly or by implication, that respondents are conducting an employment bureau or employment agency or are engaged in compiling business or labor statistics.

(2) Using, or supplying to others for use, mailing cards or other printed forms or material which represent, directly or by implication, that respondents or their customers are engaged in operating or conducting an employment bureau or employment agency or that they are compiling labor or business statistics.

(3) Using, or supplying to others for use, mailing cards or other material which represents, directly or by implication, that respondents' business is other than the collection of debts, or other than that of obtaining information for use in the collection of debts, or that the information sought through the use of such mailing cards or other material is for other than use in the collection of debts.

(4) Representing or placing in the hands of others the means of representing, directly or by implication, that information sought concerning debtors or other persons is sought by or on behalf of any Government agency.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of December 31, 1951].

IN THE MATTER OF
WESTERN UNIVERSITY, INC., ET AL.

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

Docket 5914. Complaint, Aug. 9, 1951—Decision, Jan. 3, 1952

A university, as that term is understood by the public and in the educational field, is an educational institution of higher learning, including subjects in the arts, sciences, and professions, with adequate equipment in the form of buildings, laboratories, libraries, and dormitories for resident students, and sufficient resources to operate and maintain such institution, and with a faculty of learned persons qualified and trained to teach the respective subjects offered and possessing degrees from recognized universities and colleges.

A degree is an academic rank recognized by colleges and universities having a reputable character as institutions of higher learning and which are so recognized and accredited by standard accrediting organizations, and such degree conveys to the ordinary mind the idea of some collegiate, university, or scholastic distinction.

Academic degrees, as thus understood, are conferred by duly authorized, accredited and recognized educational institutions of higher learning as evidence and in recognition of prescribed scholastic attainments by students of such institutions, and unless so earned and conferred they do not constitute degrees in the accepted meaning of the term and are of no meaning and effect whatever.

Where a corporation, in the name of which was included the word "university," and its president, engaged in the interstate sale and distribution of a correspondence course of study and instruction in drugless healing and related subjects, through advertisements in newspapers and periodicals of national circulation, circulars, and other advertising material—

- (a) Represented and implied that said corporation offered a home study course in "Drugless Therapy, Psychology, and Philosophy," leading to degrees, and that it was a university as generally understood by the public and in educational circles;
- (b) Represented that there was a faculty of qualified professional persons, carefully selected and competent to teach the subjects in their respective fields, and that adequate classrooms, buildings, and libraries were maintained;
- (c) Represented that they recognized credits from accepted and recognized schools, and that in turn its credits were accepted and recognized by such schools, and that said corporation's general educational standards were high and comparable to those of recognized institutions of higher learning;
- (d) Represented that the business of the school was operated by administrative officers and a board of directors, the members of which devoted part or all of their time to the work of the school;
- (e) Represented that the school had authority to award academic degrees and that degrees might be obtained by payment of One Hundred Dollars "for office expenditures," the submission of a 3,000-word thesis, submission of

diplomas from other schools or an affidavit pertaining to studies and practical work done by the applicant, and the passing of an examination with a minimum grade of seventy-five percent; and

- (f) Represented that there was no charge for degrees but that they were awarded, that their course in Chiro-Deo-Therapy was scientific, suggestive, practical, and therapeutic, that graduates thereof received the degree of Doctor of Chiro-Deo-Therapy and were in great demand as technicians, and that resident classes were conducted by members of the faculty who were franchised to qualify students;

The facts being that their so-called university was conducted in a massage parlor operated by the individual respondent, with no laboratories, libraries, or other educational equipment, no administrative officers, and no board of directors; theses submitted were not examined and graded, nor were examinations given; no one connected with said school had an authentic academic degree and said individual had no educational qualification to teach any subject of higher education; their so-called "degree" was unknown in the educational and professional fields and was of no validity; and in many instances they sold diplomas and such so-called "degrees" upon the payment of One Hundred Dollars and the submission of a thesis;

With tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous belief that such representations were true and of thereby inducing its purchase of their course of study and degrees; and with the result of placing in the hands of others, through issuance of such degrees, a means of deceiving the public into the belief that they were issued by a reputable university or institution of higher learning and were recognized and valid:

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. William L. Pack*, hearing examiner.

Mr. William L. Pencke for the Commission.

Mr. John Morris Brady, of Portland, Oreg., 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 Western University, Inc., a corporation, and Glennie Corinthia W. Gay, individually and as president of said corporation, 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 Western University, Inc., is a corporation organized, existing, and doing business under the laws of the State of California. Respondent Glennie Corinthia W. Gay is the president of said corporation and as such formulates, controls, and directs all

of the policies and activities of said corporation. The principal office and place of business of both respondents is located at 3693 Fifth Avenue, San Diego, California.

PAR. 2. Respondents are now, and have been for more than five years last past, engaged in the sale and distribution in commerce between and among the various States of the United States of a course of study and instruction in drugless healing and related subjects which is pursued by correspondence through the medium of the United States mails. Respondents cause said course of instruction, lesson material, and other documents to be transported from their said place of business in California to the purchasers thereof located in various States of the United States other than the State of California.

PAR. 3. There is now, and has been at all times hereinafter mentioned, a course of trade in said course of study so sold and distributed by the respondents in commerce between the various States of the United States.

PAR. 4. A university as that term is understood by the public and in the educational field is an educational institution of higher learning, including subjects in the arts, sciences, and professions with adequate equipment in the form of buildings, laboratories, libraries, and dormitories for resident students and sufficient financial resources to operate and maintain such institution, and with a faculty of learned persons qualified and trained to teach the respective subjects offered by such institutions and possessing degrees from recognized universities and colleges.

A degree is an academic rank recognized by colleges and universities having a reputable character as institutions of higher learning and which are so recognized and accredited by standard accrediting organizations, and which degree conveys to the ordinary mind the idea of some collegiate, university or scholastic distinction.

PAR. 5. In the course and conduct of their business, as aforesaid, respondents, by means of advertisements placed in newspapers and magazines having a national circulation, and circulars and other advertising material mailed to purchasers and prospective purchasers of their said course of study, have made and are making many false, exaggerated, misleading, and deceptive statements and representations with respect to said school and the acceptance and recognition of its credits and the degrees awarded by them. Typical of such representations, but not all inclusive, are the following:

From the magazine "American Weekly" of February 4, 1951:

Home Study, Drugless Therapy, Psychology, Philosophy Degs. Western University, San Diego, Cal.

From circulars disseminated by respondents:

WESTERN UNIVERSITY, INC.

Chartered Under the Laws of California, 1922.

DEAR FRIEND: In answer to your inquiry in regard to the awarding of Certificates, Diplomas, and Degrees to students and graduates of other schools, colleges, and universities, WESTERN UNIVERSITY is authorized to accept the hours of students from any educational institution, and if the hours or credits are sufficient to meet with requirements of the Board of Directors of WESTERN UNIVERSITY, said certificate, diploma, or degree may be awarded. You may apply for a certificate, diploma, or degree by complying with the following:

Send us copies of your diplomas from other schools, or a notarized affidavit of your studies and practical work, write a 3,000-word thesis on the subject in which you want a diploma, and pass the written examinations with a rate of at least 75 percent.

After your hours, thesis, and examinations have been accepted by the Board of Directors of WESTERN UNIVERSITY, we shall award you a diploma signed by the President and Secretary of WESTERN UNIVERSITY, and place the WESTERN UNIVERSITY, INC., STATE SEAL on it.

The cost for the WESTERN UNIVERSITY'S office expenditures is \$100.00. If you do not meet said requirements your money will be returned.

There is NO charge for diplomas—they are awarded.

Chiro-Deo-Therapy

A Course in Drugless Healing
Spiritually, Mentally, Physically!
Scientific Practical
Suggestive Therapeutic

In regard to your recent inquiry about Chiro-Deo-Therapy training, we are asking you to consider the prospects and opportunities for technicians who are well-trained in this profession. There is a great demand for graduate technicians; consequently, we are making available correspondence courses in order to train more technicians to meet this demand.

After satisfactory completion of this course, you will be awarded your university Diploma, Doctor of Chiro-Deo-Therapy, and the Western University Membership Card.

Western University will grant such honors as are usually granted by any college or university or other institutions of learning in the United States and in testimony thereof give suitable diplomas under the corporate seal and signature of the President and Secretary of Western University, Inc.

All resident classes and instructions are conducted by authorized faculty members, with franchise contracts to qualify students.

PAR. 6. By means of the foregoing representations and others of similar import not herein set out specifically, respondents represent and imply: that respondent Western University, Inc., offers a home study course in Drugless Therapy, Psychology, and Philosophy, leading to degrees; that the corporate respondent is a university, as said term is generally understood by the public and in educational circles and as defined in Paragraph Four hereof; that there is a faculty of qualified professional persons carefully selected and competent to

teach the subjects in their respective fields; that adequate classrooms, buildings, and libraries are maintained; that it recognizes credits from accepted and recognized schools and that, in turn, its credits are so accepted and recognized by such schools; that said corporate respondent's general educational standards are high and comparable to the standards of recognized institutions of higher learning; that the business of said school is operated by administrative officers and a Board of Directors, the members of which devote part or all of their time to the work of said school; that it has authority to award academic degrees and that degrees may be obtained by payment of One Hundred Dollars "for office expenditures," the submission of a 3,000-word thesis, submission of diplomas from other schools, or an affidavit pertaining to studies and practical work done by the applicant, and the passing of an examination with a minimum grade of seventy-five percent; that there is no charge for degrees but that they are awarded; that said course in Chiro-Deo-Therapy is scientific, "suggestive," practical, and therapeutic; that graduates thereof receive the degree of Doctor of Chiro-Deo-Therapy and are in great demand as technicians and that resident classes are conducted by members of the faculty who are franchised to qualify students.

PAR. 7. All of the foregoing statements, representations, and implications are grossly deceptive, exaggerated, false, and misleading. In truth and in fact, the business operated by respondents is not a university nor an institution of higher learning, as said term is generally understood by members of the public and the educational world.

Respondents have none of the facilities, equipment and faculty described in Paragraph Four hereof. Their so-called school or university is conducted in a massage parlor, operated by said individual respondent. There are no laboratories, libraries or other equipment necessary or adequate for the study of the subjects for which said degree is offered.

There are no administrative officers or Board of Directors functioning to administer the affairs of an educational institution, said corporate respondent being operated, managed, and controlled solely by said individual respondent.

Theses submitted by persons desiring degrees are not examined and graded before acceptance by any faculty or Board of Directors and no examinations are given and papers graded by any examining body or Board.

Neither the individual respondent nor anyone connected with said school has been awarded an academic degree by an accepted and recognized institution of higher learning.

In truth and in fact respondents' educational standards are not sufficient to satisfy the minimum requirements of any accepted university or college. The so-called "degree" of "Doctor of Chiro-Deo-Therapy" is unknown in the educational and professional fields, is not recognized by any reputable institution of higher learning and of no validity whatever. There are no faculty members, either at respondents' place of business or elsewhere, conducting resident classes and qualifying students. Said individual respondent has no educational qualifications to teach any subject of higher education.

In truth and in fact in many instances respondents sell diplomas and said so-called "degrees" upon payment of the sum of One Hundred Dollars and the submission of a thesis.

PAR. 8. Academic degrees, as defined in Paragraph Four hereof, are conferred by duly authorized, accredited and recognized educational institutions of higher learning as evidence and in recognition of prescribed scholastic attainments by students of said institutions and unless so earned and conferred they do not constitute degrees in the accepted meaning of said term and are of no meaning and effect whatever.

PAR. 9. Each and all of the false, deceptive, exaggerated and misleading statements and representations made by the respondents, as hereinabove set forth, are calculated to, and do, have a tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that said statements and representations of respondents are true; and as a direct consequence of such erroneous and mistaken beliefs, induced by the aforesaid actions and representations of respondents, a substantial number of the public has purchased respondents' course of study and degrees.

Through the issuance of said degrees, as aforesaid, respondents place in the hands of other individuals the instrumentality and means of deceiving members of the public into the belief that said degrees are in fact degrees issued by a reputable, recognized and accredited university or institution of higher learning and are recognized and valid degrees as said term has been defined in Paragraphs Four and Eight hereof.

PAR. 10. The aforesaid acts and practices of respondents are all to the prejudice of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission

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and Order to File Report of Compliance," dated January 3, 1952, the initial decision in the instant matter of trial examiner William L. Pack, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on August 9, 1951, 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. Thereafter, respondents filed their answer in which they admitted all of the material allegations of fact in the complaint and waived all intervening procedure and further hearing as to such facts. Subsequently, the proceeding regularly came on for final consideration by the above-named hearing examiner, theretofore duly designated by the Commission, upon the complaint and answer, and the hearing examiner, having duly considered the matter, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusion drawn therefrom, and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Western University, Inc., is a corporation organized, existing, and doing business under the laws of the State of California. Respondent Glennie Corinthia W. Gay is president of the corporation and as such formulates, controls, and directs all of its policies and activities. The principal office and place of business of both respondents is located at 3693 Fifth Avenue, San Diego, California.

PAR. 2. Respondents are now, and have been for more than five years last past, engaged in the sale and distribution in commerce between and among the various States of the United States of a course of study and instruction in drugless healing and related subjects which is pursued by correspondence through the medium of the United States mails. Respondents cause their course of instruction, lesson material, and other documents to be transported from their place of business in California to purchasers thereof located in various States of the United States other than the State of California. There is now, and has been at all times hereinafter mentioned, a course of trade in such course of study so sold and distributed by respondents in commerce between the various States of the United States.

PAR. 3. A university as that term is understood by the public and in the educational field is an educational institution of higher learning, including subjects in the arts, sciences and professions, with adequate equipment in the form of buildings, laboratories, libraries and dormitories for resident students and sufficient financial resources to operate and maintain such institution, and with a faculty of learned persons qualified and trained to teach the respective subjects offered by such institutions and possessing degrees from recognized universities and colleges.

A degree is an academic rank recognized by colleges and universities having a reputable character as institutions of higher learning and which are so recognized and accredited by standard accrediting organizations, and which degree conveys to the ordinary mind the idea of some collegiate, university or scholastic distinction.

PAR. 4. In the course and conduct of their business, respondents, by means of advertisements placed in newspapers and magazines having a national circulation, and circulars and other advertising material mailed to purchasers and prospective purchasers of their course of study, have made and are making many false, exaggerated, misleading and deceptive statements and representations with respect to their school and the acceptance and recognition of its credits and the degrees awarded by them. Typical of such representations, but not all-inclusive, are the following:

From the magazine "American Weekly" of February 4, 1951:

Home Study, Drugless Therapy, Psychology, Psychology Degr. Western University, San Diego, Cal.

From circulars disseminated by respondents:

WESTERN UNIVERSITY, INC.

Chartered Under the Laws of California, 1922.

DEAR FRIEND: In answer to your inquiry in regard to the awarding of Certificates, Diplomas and Degrees to students and graduates of other schools, colleges and universities, WESTERN UNIVERSITY is authorized to accept the hours of students from any educational institution, and if the hours or credits are sufficient to meet with requirements of the Board of Directors of WESTERN UNIVERSITY, said certificate, diploma or degree may be awarded. You may apply for a certificate, diploma or degree by complying with the following:

Send us copies of your diplomas from other schools, or a notarized affidavit of your studies and practical work, write a 3,000-word thesis on the subject in which you want a diploma, and pass the written examinations with a rate of at least 75 percent.

After your hours, thesis, and examinations have been accepted by the Board of Directors of WESTERN UNIVERSITY, we shall award you a diploma signed by the President and Secretary of WESTERN UNIVERSITY, and place the WESTERN UNIVERSITY, INC., STATE SEAL on it.

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The cost of the WESTERN UNIVERSITY'S office expenditures is \$100.00. If you do not meet said requirements your money will be returned.

There is NO charge for diplomas—they are awarded.

Chiro-Deo-Therapy

A Course in Drugless Healing

Spiritually, Mentally, Physically!

Scientific Practical

Suggestive Therapeutic

In regard to your recent inquiry about Chiro-Deo-Therapy training, we are asking you to consider the prospects and opportunities for technicians who are well-trained in this profession. There is a great demand for graduate technicians, consequently, we are making available correspondence courses in order to train more technicians to meet this demand.

After satisfactory completion of this course, you will be awarded your university Diploma, Doctor of Chiro-Deo-Therapy, and the Western University Membership Card.

Western University will grant such honors as are usually granted by any college or university or other institutions of learning in the United States and in testimony thereof give suitable diplomas under the corporate seal and signature of the President and Secretary of Western University, Inc.

All resident classes and instructions are conducted by authorized faculty members, with franchise contracts to qualify students.

PAR. 5. By means of the foregoing representations and others of similar import not herein set out specifically, respondents represent and imply: that respondent Western University, Inc., offers a home study course in Drugless Therapy, Psychology, and Philosophy, leading to degrees; that the corporate respondent is a university, as that term is generally understood by the public and in educational circles and as defined in Paragraph Three hereof; that there is a faculty of qualified professional persons carefully selected and competent to teach the subjects in their respective fields; that adequate classrooms, buildings and libraries are maintained; that it recognizes credits from accepted and recognized schools and that, in turn, its credits are so accepted and recognized by such schools; that the corporate respondent's general educational standards are high and comparable to the standards of recognized institutions of higher learning; that the business of the school is operated by administrative officers and a Board of Directors, the members of which devote part or all of their time to the work of the school; that the school has authority to award academic degrees and that degrees may be obtained by payment of One Hundred Dollars "for office expenditures," the submission of a 3,000-word thesis, submission of diplomas from other schools or an affidavit pertaining to studies and practical work done by the applicant, and the passing of an examination with a minimum grade of seventy-five percent; that there is no charge for degrees but that they are awarded; that respondents' course in Chiro-Deo-Therapy

is scientific, "suggestive," practical and therapeutic; that graduates thereof receive the degree of Doctor of Chiro-Deo-Therapy and are in great demand as technicians, and that resident classes are conducted by members of the faculty who are franchised to qualify students.

PAR. 6. All of these statements, representations and implications are deceptive, exaggerated, false, and misleading. In truth and in fact, the business operated by respondents is not a university nor an institution of higher learning, as that term is generally understood by members of the public and the educational world.

Respondents have none of the facilities, equipment and faculty described in Paragraph Three hereof. Their so-called school or university is conducted in a massage parlor, operated by the individual respondent. There are no laboratories, libraries or other equipment necessary or adequate for the study of the subjects for which said degree is offered.

There are no administrative officers or Board of Directors functioning to administer the affairs of an educational institution, the corporate respondent being operated, managed, and controlled solely by the individual respondent.

Theses submitted by persons desiring degrees are not examined and graded before acceptance by any faculty or Board of Directors and no examinations are given and papers graded by any examining body or Board.

Neither the individual respondent nor anyone connected with respondents' school has been awarded an academic degree by an accepted and recognized institution of higher learning.

In truth and in fact, respondents' educational standards are not sufficient to satisfy the minimum requirements of any accepted university or college. The so-called "degree" of "Doctor of Chiro-Deo-Therapy" is unknown in the educational and professional fields, is not recognized by any reputable institution of higher learning, and is of no validity whatever. There are no faculty members, either at respondents' place of business or elsewhere conducting resident classes and qualifying students. The individual respondent has no educational qualifications to teach any subject of higher education.

In many instances respondents sell diplomas and such so-called "degrees" upon payment of the sum of One Hundred Dollars and the submission of a thesis.

PAR. 7. Academic degrees, as defined in Paragraph Three hereof, are conferred by duly authorized, accredited and recognized educational institutions of higher learning as evidence and in recognition of prescribed scholastic attainments by students of such institutions, and

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unless so earned and conferred they do not constitute degrees in the accepted meaning of the term and are of no meaning and effect whatever.

PAR. 8. The false, deceptive, exaggerated and misleading statements and representations made by respondents, as hereinabove set forth, are calculated to, and do, have a tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that such statements and representations are true; and as a direct consequence of such erroneous and mistaken belief, induced by such actions and representations of respondents, a substantial number of the public have purchased respondents' course of study and degrees.

Through the issuance of such degrees, respondents also place in the hands of other individuals an instrumentality and means of deceiving members of the public into the belief that such degrees are in fact degrees issued by a reputable, recognized and accredited university or institution of higher learning and are recognized and valid degrees as that term has been defined herein.

CONCLUSION

The acts and practices of the respondents as hereinabove set out 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

It is ordered, That respondent Western University, Inc., a corporation, and its officers, and respondent Glennie Corinthia W. Gay, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of courses of study and instruction in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Issuing degrees or diplomas where the sole or primary basis for such action is the payment by the recipient of a monetary consideration.

2. Representing, by offering to grant or confer or through granting or conferring upon purchasers of respondents' course of home study and instruction through correspondence any so-called academic degrees, or by any other means, that corporate respondent is an accredited and standard institution of higher learning, or that its course

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of instruction when pursued by correspondence is comparable to those used in recognized, standard and accredited resident institutions of higher learning.

3. Using the word "university" or any abbreviation or simulation thereof, to designate, describe or refer to respondents' school; or otherwise representing, directly or by implication, that the business conducted by respondents is a university or an educational institution of higher learning.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of January 3, 1952].

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IN THE MATTER OF

HOFFMAN & DENGROVE, INC., ET AL

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 5684. Complaint, July 20, 1949—Decision, Jan. 10, 1952

Where a corporate wholesale distributor of woolen piece goods and an individual, engaged in the offer, sale and distribution in commerce of wool products as defined in the Wool Products Labeling Act, including certain bolts of piece goods which, composed of about 50 percent wool and 50 percent viscose rayon, represented, invoiced and ticketed, as all wool, were the subject of sale in a number of transactions—

Misbranded said bolts of piece goods in that when sold and transported in commerce as aforesaid, they did not have affixed thereto a stamp, tag, label, or other means of identification showing their constituent fibers and percentages thereof and the name or registration number of the manufacturer or a subsequent seller, as provided in said Act and Rules and Regulations promulgated thereunder:

Held, That such acts and practices, under the circumstances set forth, were in violation of the provisions of said Act and Rules and constituted unfair and deceptive acts and practices in commerce.

In said proceeding, while the Commission denied respondent's appeal from the hearing examiner's initial decision, the Commission was of the opinion that said decision was deficient in that the order therein (1) was incorrectly limited to products containing or represented as containing "wool" and did not relate to products containing "reprocessed wool" or "reused wool", and (2) did not contain any requirement that the stamp, tag, label or other means of identification affixed to a wool product contain the name or registration number of the manufacturer or a subsequent seller as provided in the Act and Rules; and made findings, conclusion drawn therefrom and order in lieu of such initial decision.

Before *Mr. Randolph Preston* and *Mr. Clyde M. Hadley*, hearing examiners.

Mr. Jesse D. Kash for the Commission.

Guzik & Engel, of New York City, for Hoffman & Dengrove, Inc.

Mr. Harvey L. Gardner, of New York City, for Leon Levy.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Hoffman & Dengrove, Inc., a corporation,