

IN THE MATTER OF
INTERNATIONAL PUBLISHERS SERVICE ET AL.

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

Docket 6006. Complaint, June 30, 1952—Decision, Sept. 9, 1952

Where a corporation and its president engaged in the magazine subscription business, who were charged under contracts with publishers or distributors of magazines with the obligation of forwarding to the latter subscriptions secured by their agents and the amount due—

- (a) Failed in many instances to forward subscriptions to publishers or distributors after obtaining full payment therefor;
- (b) Solicited and received subscriptions and payments therefor for magazines for which they had no authority to solicit;
- (c) Substituted magazines for those subscribed for without consent of the subscribers;
- (d) Solicited and received subscriptions and full payment therefor for magazines with full knowledge that delivery thereof either would not be made at all, or would be unreasonably delayed and intermittent;
- (e) Charged more than the regular subscription rate for magazines; and
- (f) Falsely represented, through statements by their representatives, that a survey was being conducted:

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

Before *Mr. William L. Pack*, hearing examiner.

Mr. George M. Martin for the Commission.

Mr. Jesse M. Harris, of Washington, D. C., 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 International Publishers Service, a corporation, and Ralph D. Slater, individually and as President of International Publishers Service, 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, International Publishers Service, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, and has its principal office and place of business at 707 South Broadway, Room 707, Los Angeles. Respondent Ralph D. Slater is President of the aforesaid corporation and has his principal office and place of business at the same address. Prior to the incorporation of International Publishers Service in December 1949 respondent Ralph D. Slater traded and was doing business under the name and style of International Publishers Service, with his principal office and place of business at the same address as that of corporate respondent. Acting individually and in his official capacity, respondent Ralph D. Slater directs and controls the policies, acts, practices and business affairs of said corporate respondent.

PAR. 2. Respondents are now, and have been for some time in the past, engaged in the magazine subscription business. Subscriptions are obtained by personal solicitation of agents or representatives employed by respondents in various States of the United States. When subscriptions are secured by said agents or representatives, they are transmitted by them, together with the payment therefor, from the states in which said agents or representatives are located to respondents at their place of business in the State of California. Under various contracts with publishers of magazines or the distributors thereof, as the case may be, respondents are charged with the obligation of forwarding said subscriptions with the amount due thereon to said publishers and distributors located in States other than the State of California, and except as hereinafter stated, comply with said obligations. In carrying on their said business as aforesaid, respondents engage in extensive commercial intercourse in commerce among and between the various states of the United States including the transmission and receipt of completed and uncompleted subscription forms, checks, letters, money orders, contracts and other instruments of a commercial nature.

PAR. 3. In the course and conduct of the business aforesaid, respondents have engaged in the following practices:

1. Failed in many instances to forward subscriptions to publishers or distributors of magazines after obtaining full payment therefor;
2. Solicited and received subscriptions and payment therefor for magazines for which they had no authority to solicit;
3. Substituted magazines for those subscribed for without obtaining prior consent of the subscribers;
4. Solicited and received subscriptions and full payment therefor for a magazine with full knowledge that delivery of said magazine

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would either not be made at all, or if made, would be unreasonably delayed and then only intermittently;

5. Charged more for subscriptions for magazines than the regular subscription rate;

6. Represented through statements by its agents and representations that a survey was being conducted which was not the fact.

PAR. 4. The aforesaid acts and practices of 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.

CONSENT SETTLEMENT¹

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on June 30, 1952, issued and subsequently served its complaint on the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices in violation of the provisions of said Act.

The respondents, desiring that this proceeding be disposed of by the consent settlement procedure provided in Rule V of the Commission's Rules of Practice, solely for the purposes of this proceeding, any review thereof, and the enforcement of the order consented to, and conditioned upon the Commission's acceptance of the consent settlement hereinafter set forth, and in lieu of answer to said complaint, hereby:

1. Admit all the jurisdictional allegations set forth in the complaint.

2. Consent that the Commission may enter the matters hereinafter set forth as its findings as to the facts, conclusion, and order to cease and desist. It is understood that the respondents, in consenting to the Commission's entry of said findings as to the facts, conclusion, and order to cease and desist, specifically refrain from admitting or denying that they have engaged in any of the acts or practices stated therein to be in violation of law.

3. Agree that this consent settlement may be set aside in whole or in part under the conditions and in the manner provided in paragraph (f) of Rule V of the Commission's Rules of Practice.

The admitted jurisdictional facts, the statement of the acts and practices which the Commission had reason to believe were unlawful,

¹ The Commission's "Notice" announcing and promulgating the consent settlement as published herewith, follows:

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on September 9, 1952 and ordered entered of record as the Commission's findings as to the facts, conclusion, and order in disposition of this proceeding.

The time for filing report of compliance pursuant to the aforesaid order runs from the date of service hereof.

the conclusion based thereon, and the order to cease and desist, all of which the respondents consent may be entered herein in final disposition of this proceeding, are as follows:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, International Publishers Service, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, and has its principal office and place of business at 707 South Broadway, Room 707, Los Angeles. Respondent Ralph D. Slater is President of the aforesaid corporation and has his principal office and place of business at the same address. Prior to the incorporation of International Publishers Service in December 1949 respondent Ralph D. Slater traded and was doing business under the name and style of International Publishers Service, with his principal office and place of business at the same address as that of corporate respondent. Acting individually and in his official capacity, respondent Ralph D. Slater directs and controls the policies, acts, practices and business affairs of said corporate respondent.

PAR. 2. Respondents are now, and have been for some time in the past, engaged in the magazine subscription business. Subscriptions are obtained by personal solicitation of agents or representatives employed by respondents in various States of the United States. When subscriptions are secured by said agents or representatives, they are transmitted by them, together with the payment therefor, from the States in which said agents or representatives are located to respondents at their place of business in the State of California. Under various contracts with publishers of magazines or the distributors thereof, as the case may be, respondents are charged with the obligation of forwarding said subscriptions with the amount due thereon to said publishers and distributors located in States other than the State of California, and except as hereinafter stated, comply with said obligations. In carrying on their said business as aforesaid, respondents engage in extensive commercial intercourse in commerce among and between the various States of the United States including the transmission and receipt of completed and uncompleted subscription forms, checks, letters, money orders, contracts and other instruments of a commercial nature.

PAR. 3. In the course and conduct of the business aforesaid, respondents have engaged in the following practices:

1. Failed in many instances to forward subscriptions to publishers or distributors of magazines after obtaining full payment therefor;

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2. Solicited and received subscriptions and payment therefor for magazines for which they had no authority to solicit;
3. Substituted magazines for those subscribed for without obtaining prior consent of the subscribers;
4. Solicited and received subscriptions and full payment therefor for a magazine with full knowledge that delivery of said magazine would either not be made at all, or if made, would be unreasonably delayed and then only intermittently;
5. Charged more for subscriptions for magazines than the regular subscription rate;
6. Represented through statements by its agents and representatives that a survey was being conducted which was not the fact.

CONCLUSION

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

ORDER TO CEASE AND DESIST

It is ordered, That the respondent International Publishers Service, a corporation, its officers, and respondent Ralph D. Slater, individually and as an officer of International Publishers Service, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of magazines in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing to forward subscriptions for magazines to the publishers or distributors thereof after obtaining full payment for subscriptions from subscribers;
2. Soliciting and receiving subscriptions for magazines and payment therefor for which respondents have no authority to solicit;
3. Substituting magazines for those actually subscribed for by the subscriber without obtaining his prior consent;
4. Soliciting and receiving subscriptions and payment therefor for magazines knowing that delivery of said magazines will either not be made at all, or if made, will be unreasonably delayed and then delivered only intermittently;
5. Charging more for subscriptions for magazines than the established subscription rate;

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6. Representing, directly or by implication, that they are conducting or taking surveys.

It is further ordered, That respondents 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 this order.

By (S) Jesse M. Harris,

JESSE M. HARRIS,

Counsel for Respondents.

Date: August 14th, 1952.

The foregoing consent settlement is hereby accepted by the Federal Trade Commission and ordered entered of record on this the 9th day of September, 1952.

IN THE MATTER OF
THE NEW AMERICAN LIBRARY OF WORLD LITERATURE,
INC. ET AL.

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

Docket 5811. Complaint, Sept. 19, 1950—Decision, Sept. 19, 1952

The offering of a book for sale constitutes an implicit representation that the book contains the entire original text and that the title under which it is offered is the original title; and in the absence of a clear and conspicuous disclosure of the fact of abridgment or change of title, the offering of an abridged book or of an old book under a new title unquestionably has the capacity and tendency to deceive and mislead prospective purchasers.

In offering and selling abridgments of previously published books and books previously published under different titles, the use on covers of the phrase "A Special Edition" does not constitute adequate disclosure of the aforesaid facts since "special" is by no means synonymous with "abridged" or "condensed".

In the aforesaid connection two poor disclosures do not add up to one good one, and the fact that in addition to such disclosure as may have been made on the covers of books, there were further disclosures in small type on the copy-right page, the title page, in the introduction, as a publisher's note or elsewhere, did not result in an adequate disclosure.

In the foregoing connection there can be no doubt that to prospective purchasers the titles of books are initially the subjects of greatest interest, and that even if nothing else on the cover is scanned, the title will be.

Where one of the leading corporate publishers of pocket-sized reprints of books, designated as "Signet" and "Mentor" to distinguish fiction and nonfiction, with annual sales of millions of copies, which were frequently published under changed titles, were marketed almost exclusively through a national distributor, and reached the public through bookstores, drugstores, news-stands, in railroad and bus stations, and otherwise; along with two officers thereof—

Failed adequately to disclose the facts concerning the abridgment and change of title of many of their books through such statements on the covers as "A Special Edition", and in small type, far removed from the new title, the words "original title" followed thereby, and through other small type disclosures inside the books;

With capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such abridged books contained the complete original text, and that such newly titled books were new books, separate and different from the original publications from which they were copied: